*Sport*

# Soccer players shoot for football pool scheme

by Allan Parker

THE New Zealand Football Association, administrator of the nation's soccer players, is warming up on the sideline for a new year application to run a money-spinning football pools scheme.

The association has tackled the Government in the past about running a pools scheme. But it has met a stout defence from Internal Affairs Minister Alan Highet.

Now it has formed a private company, New Zealand Football Pools Limited, in an effort to bolster its chances of winning Government approval.

The parent body also hopes that changes to the Gaming and Lotteries Act in 1977 which gave the Minister increased powers to grant and license prize-winning competitions will help them get that approval. Previously, the Minister could give such authority for schemes only with an aggregate prize list of less than $500. That restriction has now been removed.

At the time of the Act's review, the association made an application to conduct a football pools scheme. Minister Highet was non-commital, but was enthusiastic about prospects for the introduction of the Australian-based Lotto lottery.

Now that the new provisions of the Act have had a number of years to operate and Lotto appears to have won the wooden spoon, the association feels it is an appropriate time to re-apply for pools approval.

New Zealand Football Pools Ltd, a $100 capital company, was registered in August this year, partly to have a system in place if approval is granted but also to protect the "football pools" name.

Basic Government thinking behind previous rejections has centred on a concern that only a certain amount of money should be invested by New Zealanders in gambling each year.

If Government approval was finally received, the association estimates it would take about a year to get a system into operation. It would have to look overseas for the expertise to establish and initially run a football pools scheme and would model the local scheme around an overseas system.

The basic British system is based on the home, away and draw principle and takes in the four English and Scottish professional divisions. But, this basic system requires a more thorough knowledge of the game to assess win, loss and draw chances.

It also relies on the fact that the teams in the scheme have their own home grounds.

When Australia established its own pools scheme, it recognised that knowledge of the game is not as thorough as in Britain. Also, many of the teams do not have their own home grounds, but share grounds with other teams.

The Australian system was thus designed to allow punters without a knowledge of the teams to select their entries on a straight numbers basis. The scheme was promoted to all Australians by the use of TV, film and other local personalities.

In many ways the Australian adaptation is similar to the famed US "numbers" racket, in which entrants select numbers such as birthdates or telephone numbers and hope they match up at the end of the day.

The New Zealand promoters of a football pools scheme are not able to identify the system that would be used here. But, with the local situation similar to Australia, the trans-Tasman system would probably be preferred.

And while the pools overseas are run by private enterprise with either little or no shareholdings by the sport's governing body, it is extremely unlikely that the New Zealand Government would allow private enterprise to get involved in such a money-spinning gambling project.

Total ownership of the New Zealand Pools Ltd, the association hopes, will help smooth that particular barrier.

Football sources regard as unlikely the chances that the Government would allow the association to keep all the profits from a football scheme.

Realistically, promoters of the scheme recognise this, but suggest the profits could be channelled back into all sport rather than disappear into Government coffers through taxation.

There are several options:

- The New Zealand Sports Foundation;
- The Council for Recreation and Sport;
- The New Zealand Olympic and Commonwealth Games Association;
- A specially-established trust fund for sport promotion.

Even if the Government did decide to cream off the profits through taxation, the supporters argue, it could then grant the money to any of the above bodies.

Politically, this could appear a good move: the Government would be seen to be using gambling but would also come across as benevolent towards sport, the nation's major [illegible]

The football association argues that while it is a minority sport, it remains the logical body to run a football pools scheme.

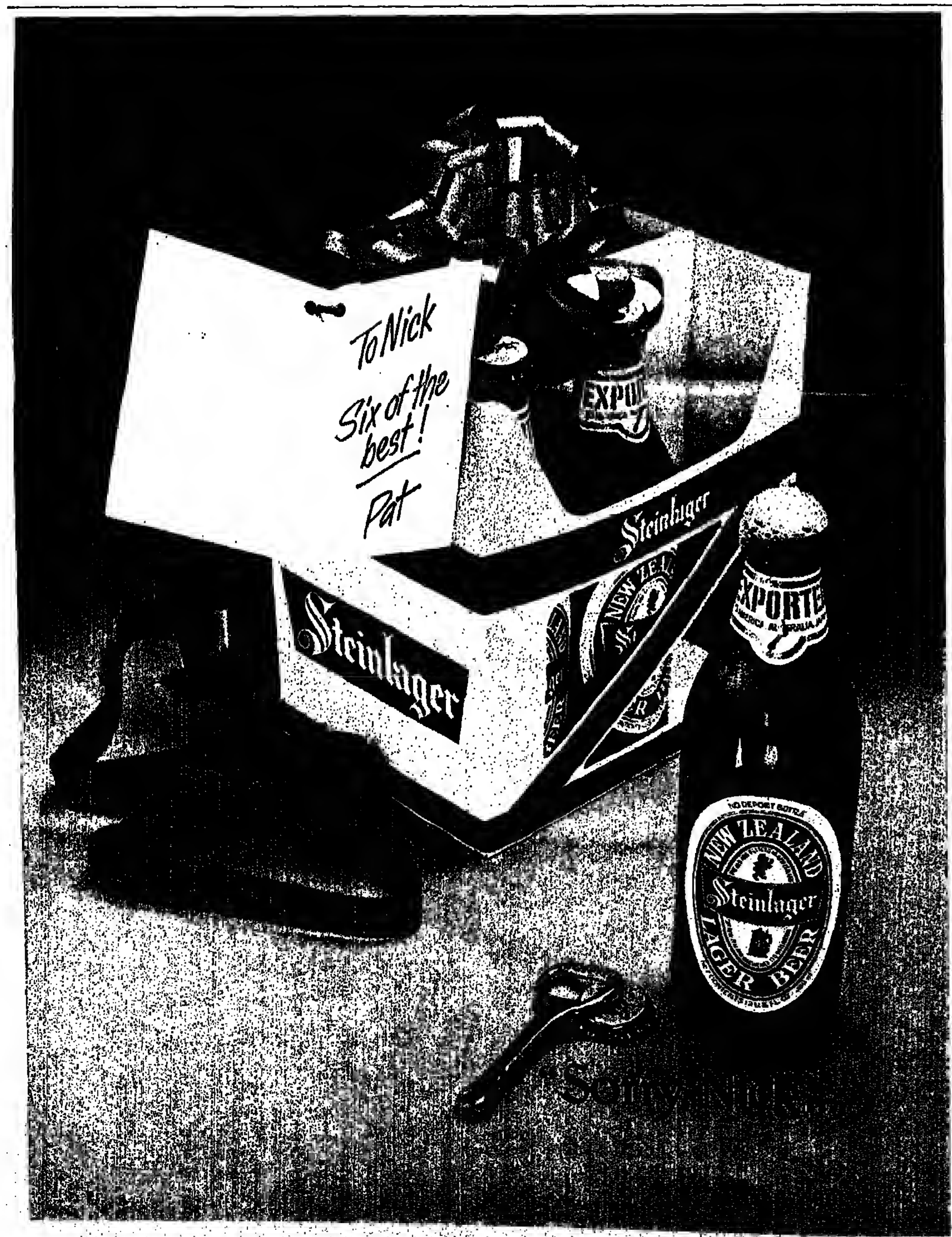
Its runs 22 league games a weekend through its Rothmans national league and the three regional leagues. That is enough to run "a reasonable pool", says association secretary, Stewart Goodman.

Also, says Goodman, rugby — the nation's major winter sport — is not suited to a pools system. With its higher scoring, there is less likely to be a draw. And the draws are the central variable in a pools system — they create the big winners.

The football pools promoters cite as another benefit to the economy if the scheme is approved. Currently, pools punters have to send their money abroad to take part in either the Australian or British pools.

The exact amount sent out of the country each week is difficult to determine but a common measure has been the number of foreign [illegible] postal notes purchased.

However, this remains imprecise but some observers suggest a considerable amount of money is invested in British and Australian [illegible] as well as local [illegible]




Volume 10, No. 47 (Issue 412) December 8, 1980 ISSN-0110-6813

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## Inside





# Volley of 'Julian must go' shots fired at minister

THE Government is being told by Shipping Corporation directors and senior management that Harry Julian must go.

Four directors went to Transport Minister Colin McLachlan last week to ask that deputy chairman Julian be removed from the board.

If Julian remains, they and some senior management staff will resign, *NBR* understands.

Some National MPs are known to have reservations about Julian's appointments to both the Shipping Corporation and Pacific Forum Line boards. The group includes at least one Cabinet Minister.

Julian was appointed deputy chairman of the Shipping Corporation last year over the heads of two foundation directors, James Maddren and Ian Mackay — both experienced businessmen.

The four directors who went to McLachlan were MacKay (chairman of the Waterfront Industry Commission), Maddren, David Cooper, and Bruce Ryan (chairman of the Exports and Shipping Council). They agree to make no public statement about what happened.

But it is understood they want Julian's removal because:

- They feel that a better qualified person could be found;
- They feel that appointments to the Shipping Corporation board should take into account applicants' experience and not appear to be jobs for the boys. One of the four directors told *NBR*: "If I stay on with Julian on the board my professional integrity and status will be at issue";
- They are concerned that Julian's private interests may be in conflict with his position on the board;
- They feel that Shipping Corporation staff do not like Julian and that his presence is not conducive to good teamwork.

Maddren and MacKay went to see McLachlan on December 13 last year asking for Julian's removal.

The four directors feel that going to McLachlan last week was proper and constitutional. Their main fear is a backlash against the corporation and its staff if Muldoon fights for his friend.

Corporation executives last week declined to comment. They do not want to become involved in the politicking.

"We don't want to burn any bridges . . ." said one. But in the industry, corporation staff are known to be unhappy.

"If Muldoon digs his heels in about this you will find not only four directors resigning but at least two senior management staff as well," a highly placed shipping source said.

The four directors indicated to McLachlan their willingness to see Muldoon. But for the present the matter rests in McLachlan's corner.

There may have been a misunderstanding in Cabinet about Julian's appointment. One of the directors is said to have told McLachlan it was not true that he supported Julian, contrary to what he believed Cabinet may have been led to think.

A major concern among the four directors and senior staff is that the Government might appoint Julian as chairman when Sir Tom Skinner retires in April next year.

They feel the job should go to a man with more experience in shipping and/or commerce, preferably someone who came up through the Shipping Corporation ranks.

Shipping Corporation articles call for retirement at age 72. But past chairman John Ormond was allowed to extend his term to see the ship, New Zealand Pacific, come on line.

It is understood that Sir Tom would like to extend his term, perhaps for two years.

Julian's appointment to the Pacific Forum Line board is the subject of a more recent charge of "jobs for the boys".

Julian replaced Government appointee R P Shea, cutting short his latest two-year term by 10 months.

In Parliament the other day, Labour MPs Eddy Isbey and Fraser Colman asked that the House note that Shea's term had been cut short and that Julian was a close personal friend and business associate of Muldoon.

# CFM for proxy fight

THE stage is set for a spirited proxy battle when Canterbury Frozen Meat Company shareholders meet for their annual meeting on December 15.

At issue is an agenda item which provides for CFM's nominal capital to be increased from $9.9 to $40 million.

Company chairman Ian McKellar proposes that this financial restructuring be achieved by the creation of 20,100,000 additional $1 shares.

In his annual report, McKellar explains the change: "It is considered desirable for the company to have a reserve of unissued shares . . ."

CFM shareholders have expressed concern to *NBR* about the massive capital restructuring.

It was obvious, said one, that a major takeover or merger move was afoot.

Rather than be faced with a bland statement about "desirability" in the chairman's report, shareholders should be involved in a decision of this magnitude.

It was ridiculous to believe there is no significant motive behind the doubling of nominal capital, another argued.

*NBR* inquiries late last week indicated that CFM's move was

Continued on Page 5

# How IDC treads on wine

by Warren Berryman

OUR wine is too expensive for the long-term good of the wine industry. Grapes, packaging and bottles are too expensive. Mark-ups on wine are too high.

Consumer resistance to high prices will prohibit the wine industry from achieving its 1986 sales targets unless soaring price increases are contained.

The wine industry is overprotected, a burden on the consumer unjustified by the industry's export performance. It is paralysed by a cost-plus attitude inimical to consumer interests and not conducive to export growth.

These are the home truths contained in the Industry Development Commission report on *the wine industry*.

The 125-page document is stamped "*confidential* until released by the Minister".

Copies of the report have gone to the Wine Institute and selected wine companies.

The IDC's task in its own words was to "assess" the potential of the wine producing industry to contribute to the future growth of the economy, taking into account the interests of the wine producing industry, consumers, and the distributive trades and recommend a strategy for future development".

The report begins with an analysis of the cost structure in the industry and finishes up with a point-by-point plan for the future.

The Wine Institute, grape growers, and liquor wholesalers all took their knocks from the IDC when their interests were balanced against consumer interests and the needs of the economy as a whole.

In short the IDC report was an economic document, not a pre-election plan to package and deliver political patronage.

On Page 16 we present an outline of the IDC report — without the Minister's permission but in the interest of the public which paid the IDC's wages, the wine consumer, and IDC economists who might like to have their report considered intact, before it is tempered by political considerations.


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## The business week

**AA Finance Ltd** is seeking a further $2,750,000 registered secured debenture stock with the right to retain a further $4.5 million in oversubscriptions, paying a maximum interest rate of 15 per cent.

**Aliflex Holdings Ltd** unaudited net profit for six months to September 30 was $720,684 (last year $780,641). An interim dividend of 4.25c – 8.5 per cent – will be paid on January 30.

**Ballina Industries Ltd** unaudited net profit for six months to September 30 was $436,000 (last year $1,028,000). An interim dividend of 3.25c – 6.5 per cent – will be paid on December 9.

**Henry Berry Ltd** unaudited net profit for six months to September 30 was $492,937 (last year $456,085). An interim dividend of 5.75c – 11.5 per cent – will be paid on January 31.

**Bridgevale Mining Ltd's** issue of 4.1 million 50c shares was heavily oversubscribed. Trading prices opened between 140-165c.

**Brother Distributors Ltd** unaudited net profit for six months to September 30 was $56,748 (last year $66,740). An interim dividend of 4c will be paid on December 12.

**Capital City Radio Ltd** unaudited net profit for six months to September 30 was $133,000 (last year $150,200). An interim dividend of 3c – 12 per cent – will be paid on December 22.

**CBA Finance Holdings Ltd** is seeking $10 million first ranking debenture stock with a maximum interest rate of 15 per cent.

**Computer Consultants Ltd's** stock exchange listing has been deferred until December 16.

**Dalhoff & King Holdings Ltd** unaudited net profit for six months to September 30 was $485,000 (last year $381,000). An interim dividend of 3.5c – 7 per cent – will be paid on January 21.

**Dominion Brewery Ltd** unaudited net profit for six months to September 30 was $2,886,000 (last year $2,152,000). An interim dividend of 4.25c – 8.5 per cent – will be paid on December 22.

**Donaghys Industries Ltd** will take over Auckland based cordage maker **Lawrence Textile Mills Ltd.**

**Farmers Trading Co Ltd** unaudited net profit for six months to September 30 was $3,094,600 (last year $2,949,791). An interim dividend of 3c – 6 per cent – will be paid on January 20.

**Fountain Corporation Ltd** unaudited net loss for six months to September 30 was $519,000 (last year $339,616 profit). No interim dividend will be paid.

**Hawkins Holdings Ltd** unaudited net profit for six months to September 30 was $172,095 (last year $252,137). An interim dividend of 2.5c – 5 per cent – will be paid on December 16.

**Brother Distributors Ltd** unaudited net profit for six months to September 30 was $56,748 (last year $66,740). An interim dividend of 4c will be paid on December 12.

**ICI NZ Ltd** net profit for the year ended September 30 was $6,943,000 (last year $7,357,000). A final dividend of 11c will be paid on February 12.

**Lanes Industries Ltd** unaudited net profit for six months to September 30 was $157,303 (last year $109,616).

**Leyland Investments Ltd** will make a 1 for 4 rights issue of 200,000 50c shares at a premium of 30c.

**NZ Forest Products Ltd** unaudited net profit for six months to September 30 was $22,234,000 (last year $18,455,000). An interim dividend of 10c will be paid during February.

**M O'Brien & Co Ltd's** issue of 250,000 15 per cent specified preference shares were oversubscribed.

**Odlins Ltd** unaudited net profit for six months to September 30 was $2,320,598 (last year $1,859,711). An interim dividend of 3c will be paid on February 27.

**Prestige/Holeproof NZ Ltd** changed its name to **Holeproof Industries Ltd** on December 1.

**Quill Morris Ltd** unaudited net profit for six months to September 30 was $149,286 (last year $166,649). An interim dividend of 3.5c – 7 per cent – will be paid.

they continued the slide from the March quarter.

FARMERS are moving back into beef and rapidly increasing sheep flocks. In the year ended June 30 beef cows and breeding heifers were up 3.77 per cent, breeding ewes 4.8 per cent and the national flock up 7.8 per cent at 68,765,000.

PERMITS were issued for 1248 new buildings in October, a drop of 18.2 per cent on the actual figure a year earlier.

IMMIGRATION boosted the population by 11,827 in October, 2500 less than a year ago. The outward drain eased slightly in the October year, a net loss of 14,418 compared to 33,471 a year earlier. Overall the population is again growing after two years of decline, up from 13,000 to 3,118,000.

MONEY supply, M1, is growing faster, 12.4 per cent in the year to October, up from 5.5 per cent in the March year. The wider money supply, M3, slowed slightly, 14.2 per cent compared to 14.8 per cent in the September year and 15.7 per cent in March.

The United States prime lending rate rose .75 per cent to 18.5 per cent.

## Economic indicators

IMPORTS again grew faster than exports in the September year, pushing the balance of payments $857 million into the red compared to a deficit of $558 million a year earlier. The September quarter was also worse, $403 million to $299 million. The Government borrowed an extra $373 million overseas in the September quarter and repaid $132 million.

STRIKES lost 205,693 working days in the seven months to July 31, involving 75,332 workers in 226 stoppages.

RETAIL stocks value kept pace with inflation in the year to September 30, up 17.7 per cent. Clothing stocks increased least by value, 10.5 per cent, while grocery and dairy stocks showed the greatest rise, 23.6 per cent. Sales went up 21 per cent in the same year though seasonally adjusted per head

## The week ahead

WEDNESDAY: NZ Industrial Gases AGM, Lower Hutt. Wattics AGM, Hastings. Wilsons Distillers AGM, Dunedin.

THURSDAY: L D Nathan AGM, Auckland. Trans-Ashburton AGM, Ashburton. Phillips and Impey AGM, Auckland.

FRIDAY: Joseph Nathan & Co AGM, Lower Hutt.


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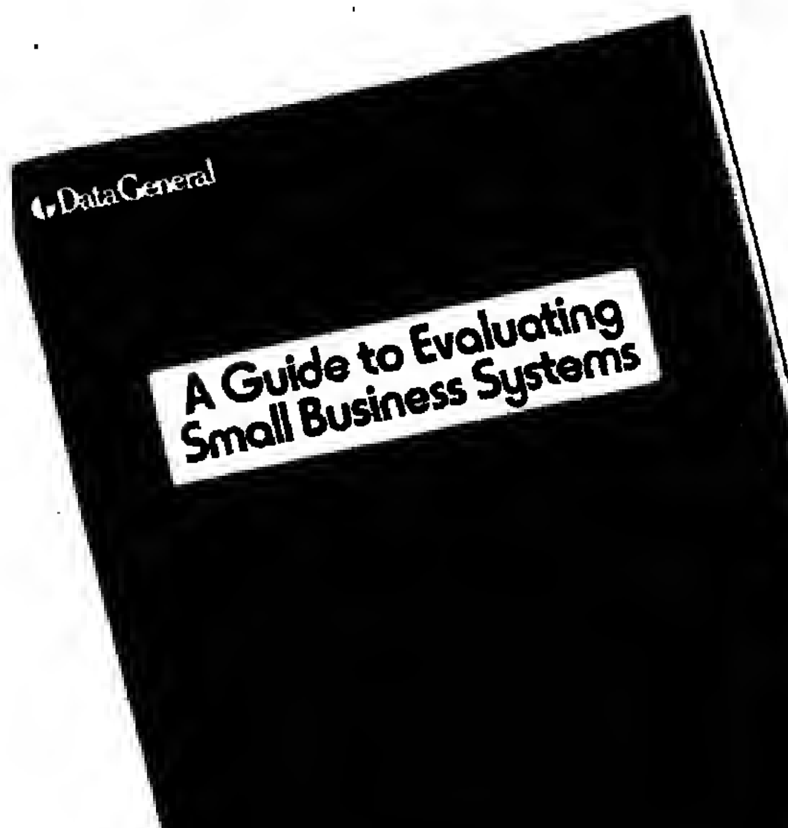


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# Free trade chances enhanced by officials' meeting

by Colin James

A HIGHLY positive report on a new trans-Tasman trading relationship is expected to go to Prime Ministers Robert Muldoon and Malcolm Fraser from a meeting in Wellington this week of top bureaucrats from both countries.

This will enhance the likelihood of a far-reaching new free trade agreement early next year.

A 17-strong team of Australian officials, headed by the permanent secretary of trade and resources, Jim Scully, will meet a New Zealand team headed by Treasury secretary Noel Lough on Wednesday and Thursday.

Their purpose: to agree on the text of a joint report to their Governments and to prepare heads of agreement for signing by the Prime Ministers at a meeting tentatively scheduled for next February.

That report is expected to say there is no significant reason why a new, comprehensive free trade agreement should not go into operation from mid-1982.

For most products, that would be the start of a five-year phase-out of tariffs and, where import licences or quota apply, an automatic annual increase in allocations.

For a small number of others the day of reckoning will be put off, but not indefinitely.

Much of the work, by the officials, since the Prime Ministers gave the go-ahead in March, has been to find technical solutions to potential stumbling blocks.

One of the most important – export incentives – has been resolved by the two manufacturers organisations, the Confederation of Australian Industry and the New Zealand Manufacturers Federation.

The two have agreed that their countries' respective schemes – New Zealand's is the more generous – should be reviewed by 1982 with an understanding that elements that distort trans-Tasman trade will be removed or harmonised by the end of the five-year tariff phase-out period.

On "intermediate goods" – materials and components – a "set of solutions has been put in place", according to sources. These will be tested in action over the next two months as the Australians intensify individual products that they consider at risk.

The Nafta ghost appears to have been firmly laid to rest.

Some manufacturers here had argued for a revamped Nafta but officials have rejected this in favour of a new arrangement with three key differences if it is to be comprehensive.

All goods will be included; it is to have a high degree of automatism, allowing the minimum of room for governments to interfere, as they did to the detriment and evential atrophy of Nafta; it is to have a high degree of predictability, enabling investment decisions to be planned ahead.

Sources emphasise that this week's report is technical in nature and the contents must pass through political hoops.

But politicians have been kept fully informed. In this country there have been almost weekly reports to the Cabinet economic committee, prompting Foreign Minisrer 8rian Talboys to comment: "This horse is beginning to come up preny fast".

Given the commitment in principle by the Prime Minister last March and the confidence among officials thot technical solutions are available to difficulties identified then, the likelihood of a positive decision early next year is high.

# Lion negotiating to bail Wiri out of the mire

LION Breweries is negotiating a lease to save South Auckland's Wiri Licensing Trust from financial ruin.

The trust owes almost $1.25 million and reportedly is losing about $5000 a week.

More than $400,000 of the trust's debts are in the form of bank loans with the Manukau City Council as guarantor.

Lion wants to lease the Wiri operation sited in Great South Road, adjacent to the Manukau City Centre. There is a tavern building, with separate wholesale and accommodation buildings.

The brewery plans a million-dollar sprucing for the existing trust operation including the opening of a Cobb and Co restaurant.

Wiri has been dogged by financial difficulties since it opened in 1974.

Among earlier attempts at resuscitation, members of successful northern trusts such as Portage last year set up a committee to advise the management at Wiri. But creditors owed huge sums to liquor merchants, Hughes and Cossar and Campbell and Ehrenfried which became anxious, and a few months ago a committee was established to manage the operation.

An infusion of capital obviously was needed to get it back into profit.

Lion Breweries is not among the trust's biggest creditors but has been frustrated by local residents at regional polls in its efforts to build taverns in East Tamaki, in the Springs Road area, and in Papatoetoe.

It offered a 16-year lease arrangement, it is understood, with a rental to start and a percentage of profit in the later years. This would give the trust the chance to pay off its debts and have another chance – if interested – in 16 years.

The Manukau City Council has been enthusiastic for such a resolution of its problems as guarantor for the bank loans.

The decision to try for a lease was made last October, but legal advice suggested that the trust had no right to sell or lease under the Licensing Trusts Act.

Last week, a move was made for a private members Bill to be drafted for local MP Roger Douglas to pilot through the House, enabling the deal to be clinched. But it was too late in the session to guarantee the legislation would make it, according to one source.

It is understood some contractual arrangements will be made to enable Lion to take over the operation before Christmas and protect the immediate capital outlay it would expect to push into the trust's operation immediately.

The decision will be another blow for the trust movement. The major trusts operating in areas where competition is limited have generally done well, but several local trusts have been unable to foot it with the breweries.

# Aussie dumping canned

AUSTRALIAN brewers hove been found to be dumping beer on our market. The resultant price adjustments will narrow the advantage which has given them nearly 60 per cent of the canned beer market here.

After an investigation lasting several months, the Customs Department decided the four main Australian brewers were landing beer below their current domestic value (cdv).

Customs sought and gained agreement under the consultative provisions of Nafta and the Australian brewers have agreed to lift the fob price to ensure it matches the cdv price at home.

The result is an average price rise of 36 per cent to Australian beers fob which should represent an increase of 25 per cent retail.

It is believed that some merchants were taking a bigger margin on Australian imports than from local beers and by cutting back that margin they could still sell Australian cans at competitive prices.

In the long-term inflation here is expected to lift the costs of packaging and distribution which already put local brewers at a disadvantage, to a level which will restore the Australians' market advantage.

During the third-quarter of this year, they lifted their market share for cans here to 57 per cent, compared with less than 10 per cent for the corresponding quarter last year.

Because local brewers cannot see themselves retaining their present, more competitive position for long, they are believed to be continuing their bid for Government intervention.


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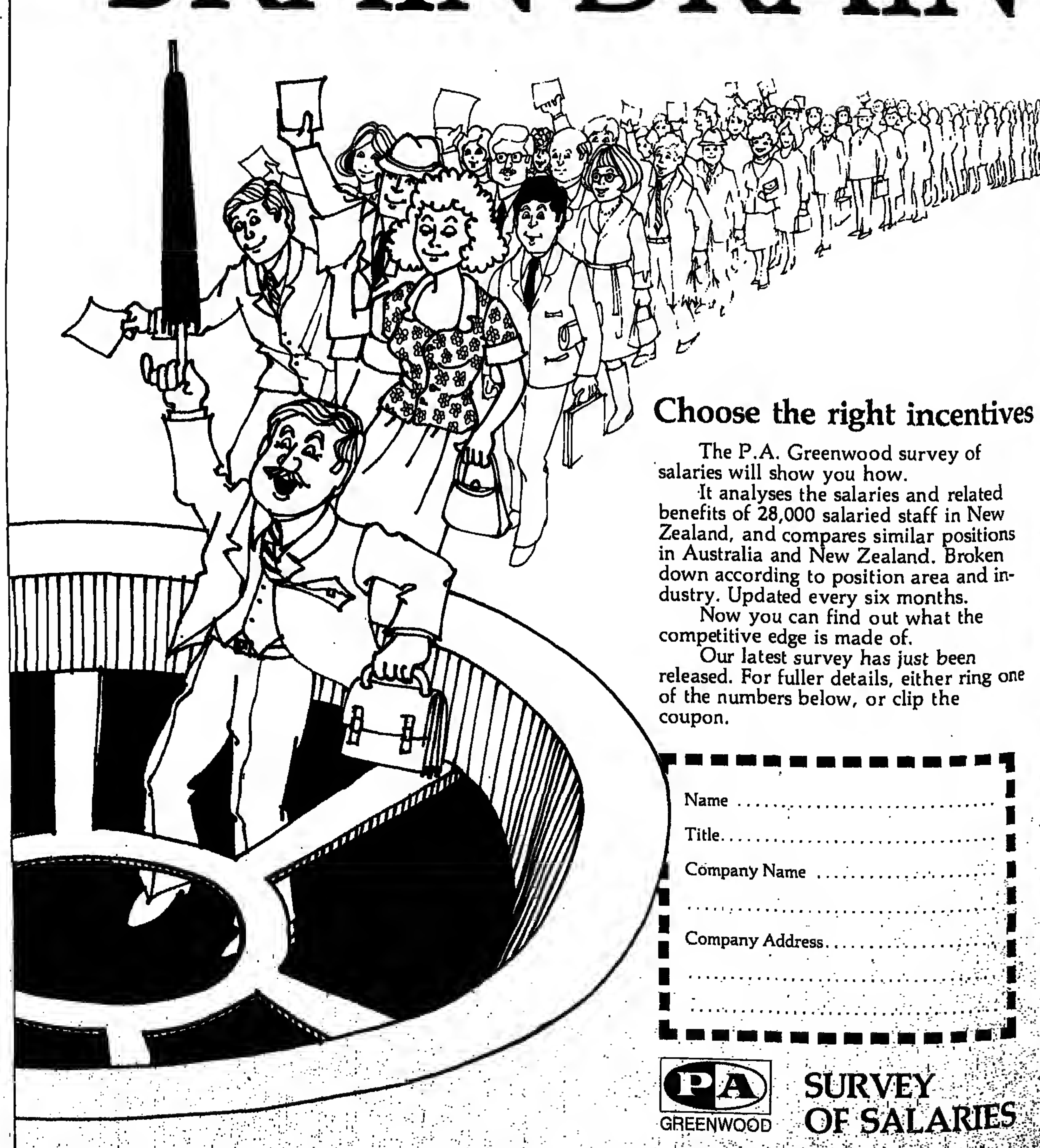

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# Lada and Daihatsu geared for local assembly

by Allan Parker

THE car industry — troubled by a static market and awaiting announcement of Government plans for its future — has learned of two deals for further car assembly.

The news is the first public notification that local CKD assembly, employing thousands and with investment of millions of dollars, will not be thrown to the wolves in favour of completely built up (CBU) imports when the Government releases its plans for the industry and asks the Industries Development Commission how to implement them.

One deal — for assembling Russian-built Ladas — was signed during a visit here in October by top-level Soviet officials.

The second centres on the Japanese-made Daihatsu range, particularly its 1000cc Charade car. Although not yet completed, negotiations — according to *NBR* sources — have reached the "delicate" stage.

It is understood negotiations have involved not the Department of Trade and Industry, but political leaders.

Both proposals call for content assembly by existing manufacturers.

The Lada plan assumes assembly of 1000 cars a year and Daihatsu estimates a market potential of 3000 Charades annually.

Both cars are imported as CBU units — 300 of each a year. Lada importers are Avta Imports NZ Ltd and the Charade — with other vehicles in the Daihatsu range — is brought in by Daihatsu New Zealand Ltd, 100 per cent owned by Auckland fruit and vegetable merchants Turners and Growers. The Auckland company exports millions of dollars of produce to Japan each year.

This is particularly relevant for the Lada deal. The initial contract for the import of CBU Ladas was under condition that the Russians begin CKD assembly in New Zealand within two years. That deadline slipped and CBU licences for four years were granted before the October deal was signed.

Avta import managing director John Hackett says this was because the Russians have not previously shipped any CKD units from its Fiat-built Togliatti plant 600 miles south of Moscow.

Political pressure has steadily increased for a commitment to CKD assembly to comply with the original deal.

But industry sources suggest the assembly operation will never get under way and, significantly, Hackett says the decision was made to proceed immediately "with preparations for CKD". Also Avta has been granted licence for another 300 CBU imports next year, with first delivery next February.

One reason suggested to *NBR* is the lack of assembly capacity. Already some existing assemblers are shopping around competitors for excess capacity.

They believe the Government's industry report will not recommend new investment in assembly plant here. (Daihatsu is understood to have an option on an Otorohanga caravan manufacturing factory.)

The Government is unlikely to embarrass itself with our biggest wool and mutton customer by letting Lada car assembly only to phase out CKD operations, a few years later.

So while the news is a clear indication that the CKD assemblers will not be forced out of business by political dictum, the reasoning behind the deals is political rather than economic.

In effect, the Government is permitting the two companies to operate here so they will have a foot in to the industry.

The assembly industry is far more relaxed about the imminent study report. *NBR* inquiries suggest the Government will recommend only minor changes.

The argument is that change is so rapid internationally and nationally within the car manufacturing world that a restructuring over the next few years will be self-imposed by market forces.

A key factor in this theory is the local component manufacturing industry, which is facing serious cash-flow problems.

Component manufacturers, in any event would, be unhappy to see model proliferation which would further reduce its economy-of-scale efficiency.

Again, Government is unlikely to enforce drastic changes on the component sector of the industry. Self-regulating market economics will bring about required rationalisation.

As less domestic content becomes available, the way will be clear for more CBU imports, which the early Trade and Industry study favoured. This way, the Government can wash its hands of the affair. It will not face the furore that arose when that early departmental study report was released. And ultimately, the desired changes will occur anyway.

# Meat merger may stem from CFM manoeuvres

From Paga 1

likely to be in one of two directions.

The first — and most likely — is a tie-up with its southern contemporary, Southland Frozen Meat.

A study was undertaken by a firm of consultants earlier this year on the advantages of a closer relationship between the companies. It is known that the two acted in concert in considering a takeover move within recent months.

It may be significant that both companies have been substantially infiltrated by the Primary Producers' Co-operative Society. A merging of interests could be engineered to water down the strength of PPCS.

While the CFM board publicly welcomed the interest of PPCS in the company, it is believed that behind the scenes the welcome was less than cordial.

McKellar mentions the PPCS purchase of 18 per cent of the issued shares in his annual report, saying the reason for the purchase was to "protect the interests of South Island farmers, some of whom had become concerned that CFM might be vulnerable to a takeover.

"Although your directors are of the opinion that these fears are groundless, we welcome the continued financial interest of the farming community," said McKellar.

The other possible move by CFM may involve the purchase of the four North Island freezing works of Borthwick-CWS.

In his chairman's review, McKellar reported that the company had considered the purchase but "could not justify the price asked by Borthwicks".

Since then the four works have recorded record kill totals, and it would appear that Borthwicks would be asking for considerably more this time around if the works are still on the market.

As proxy lobbying warmed up last week, the major question mark was hanging over the likely moves of the second and third major shareholders, the AMP Society and National Mutual Life.

The AMP holds more than 10 per cent of the issued capital with 583,000 ordinary shares and 401,000 specified preference shares. Specified preferences convert on the basis of five for four ordinaries.

NML holds 409,000 ordinaries and 131,000 preferences.

It is traditional for institutional shareholders to vote with the board in these circumstances.

Because the AMP Society holds the CFM superannuation fund, it seems highly unlikely it would vote against the board.

But there were strong indications last week that because of the massive implications of the move, both companies could abstain from the vote.

If this is the case, the resolution looks destined to certain failure because PPCS can be expected to oppose the proposal.

The opposition of the company's largest shareholder, together with the probable opposition of a substantial block of farmer shareholders, may see the contentious item removed from the agenda.

CFM could face strong opposition from the Stock Exchange Association, which has demanding regulations to deal with share issues. These regulations appear to rule out any chance of CFM and SFM getting together by a share exchange without specific approval of a general meeting.

The Stock Exchange would hardly welcome a situation where only $8.4 million of a company's authorised capital of $40 million is in fact issued.

The AMP would appear to be further compromised because its director, Ralph Satherthwaite is also a member of the CFM board.


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TOYOTA

## Comment

# Editorial

FROM a legal perspective, 1980 has been the Year of the Commissions — commissions on taxable travelling allowances, Maori land courts, the Marginal Lands Board, Mt Erebus, Abbotsford and the freight-forwarding industry. But the Royal Commission on the Thomas convictions, with a decade of pressure behind it, has overshadowed all others.

Set up in the wake of a pardon which stated that Arthur Allan Thomas should not have been convicted of the Crewe murders, the commission found that Thomas should never have been charged and determined compensation on the basis he is innocent. All of which makes the quibbling over the true meaning of the pardon in the High Court (*NBR* September 22) somewhat irrelevant.

The commission's report is concerned mostly with bullets: the fragments of .22 bullets removed from the Crewes' bodies; the cartridge case (Exhibit 350) from Thomas' rifle (planted by Detective Hutton and Johnston, according to the report) found outside the Crewe house; the shell ("1964/2") on which the commission found Dr Nelson had fixed an incorrect date helpful to the prosecution case; another cartridge case (Exhibit 343) which the commission found was really three cartridge cases (having been switched once negligently and once deliberately).

Interwoven with the ballistic evidence — and with the whole Arthur Allan Thomas saga — is a catalogue of inglorious performances by the police. This must have a continuing impact on what the commission calls "the trust that all New Zealanders have and are entitled to have in their police force and system of administration of justice".

The most damaging findings against the police are those of deliberate wrongful acts: the planting of Exhibit 350; the switching of Exhibit 343; and (although the commission stops short of a *formal finding*) the suspicion of planting of the axle stubs on the Thomas farm. The destruction by dumping of the crucial exhibits after the second trial and appeal must rate in the same category.

Those were instances of unauthorised initiative by individuals. But there were many unsatisfactory matters which reflect more generally on police practices:

- The "thoroughness of the checking of the jury by the police was excessive, improper and calculated to prejudice the fairness of the subsequent *trial*". Further, the police could not furnish documents relating to the extent of the checking;
- The failure to check fully the readily available information on Thomas' employment with a topdressing firm which took him on to the Crewe farm (before the Crewes moved on to it) was found to be deliberate and "improper conduct";
- The inexplicable disappearance of the material (possibly a raincoat) in the wheelbarrow outside the Crewe house;
- The failure to allow the defence a proper opportunity to examine the prosecution exhibits;
- The failure to disclose no fewer than seven evidential matters which might have helped the defence case;
- The police presence at the hotel where the second trial jury was staying — an "arrogant disregard for the fundamental principle" that justice be seen to be done;
- The mistakes — about the timing of the .22 cartridge ejection tests and the origin of the Crewes' last meal — in reports made by Assistant Commissioner Walton at the highest level.

Then there was Walton's recommendation that material from Hutton and Nelson on "1964/2" be kept secret from Sprott and the pro-Thomas forces (the recommendation was ignored by Labour Attorney-General *Martyn Finlay* and Sprott subsequently established 1964/2's evidential worthlessness).

That list — not exhaustive — is both damning and inexplicable. The commission refers to the police's "readily understandable desire to bring to a successful end a long and difficult homicide investigation by ensuring the conviction of the one suspect against whom there seemed to be any evidence at all". That accords with the "personal vanity" and "stubborn determination to be right at all costs" attributed to Dr Nelson by the commission earlier in the report.

It is at least implicit in the commission's report that police practices disclosed during the inquiry require some overhauling and the police's role in the administration of justice (as distinct from the investigation and prevention of crime) requires some diminution.

No specific recommendations are made but the idea of a public prosecutor has been alluded to by Justice Minister Jim McLay and others. The idea has the advantage of being reasonably well understood (through television portrayals of American district attornies and Scottish procurators fiscal) and the disadvantage of having been recommended last year by the Planning Council.

An alternative safeguard would be the disclosure of the entire police file on a given case to either the district court on the taking of depositions or to the defence. Neither possibility is likely to be warmly welcomed by the police.

The commission does make specific recommendations about the law on juries. It suggests that the checking of jury panels and escort of sitting juries be the sole responsibility of the Justice Department, not the police; that the police and defence be given equal prior access (if any) to jury panels; and that the prosecution be limited to the same number of challenges to jurors without cause as the defence.

The Juries Bill, now before the Statutes Revision Committee for recess study, gives effect to the access and challenges points. But given the police's access to the Wanganui computer and other information, equal non-access — as in New South Wales — might be fairer. The other points will be determined by departmental practices and rules to be promulgated under the new Bill when enacted.

The Thomas report has provoked an important, if rather diversionary, debate on the procedures of commissions of inquiry. It has been well pointed out that neither Roly White (in the Marginal Lands inquiry), nor Detectives Hutton and Johnston and Dr Nelson (in the Thomas inquiry) were represented by counsel. It has not been so well pointed out that a commission of inquiry is not a criminal court and that its less formal procedures are more conducive to finding the truth of a matter than court procedures.

Nevertheless, the Government must bear some responsibility for the limited scope of the Commissions of Inquiry Amendment Act passed earlier this year. Based on a report on commissions of inquiry by the Public and Administrative Law Reform Committee, and sought by the Thomas Royal Commission itself, the Act gave commissions of inquiry greater powers to demand information. It did not include important safeguards — notably, provision of an opportunity for pre-publication submissions on proposed allegations of misconduct — recommended by the committee.

In the end, the Thomas Royal Commission apparently did not use the additional powers. The effectiveness of its report has been blunted by the absence of the additional safeguards.

— Jack Hodder

## *Without word of a lie*

### Harrowing horses

YET another sign of the times . . . A traveller between Wellington and Palmerston North *reports sighting*, on the Shannon highway, a farmer diligently harrowing his fields behind a plodding but effective six-horse team. Or is it just that the farming community is once again down to its last millions?

### Customary charge

A ROUND-the-world traveller arrived back in Auckland just 25 days after a new scale of customs duties had been introduced on October 1. After a 13-week absence, he had no knowledge of the new rates.

He tendered a meticulously compiled list of overseas purchases to the customs officer. After a little work with a calculator, she announced to the traveller the amount of duty — more than $250.

Recalling the detail provided by customs on a previous occasion, he asked for an itemised account. That wasn't possible, he was politely told.

"Then do you have a folder setting out the various rates?" he asked.

"Sorry, there aren't any," was the reply.

So he paid.

The question is, what hope would any private enterprise firm have of getting away with an unaccountable charge, based on an unknown and undeclared rate and with payment made compulsory.

Or is it all right for bureaucracy to make its own rules?

### Fuelling bureaucracy

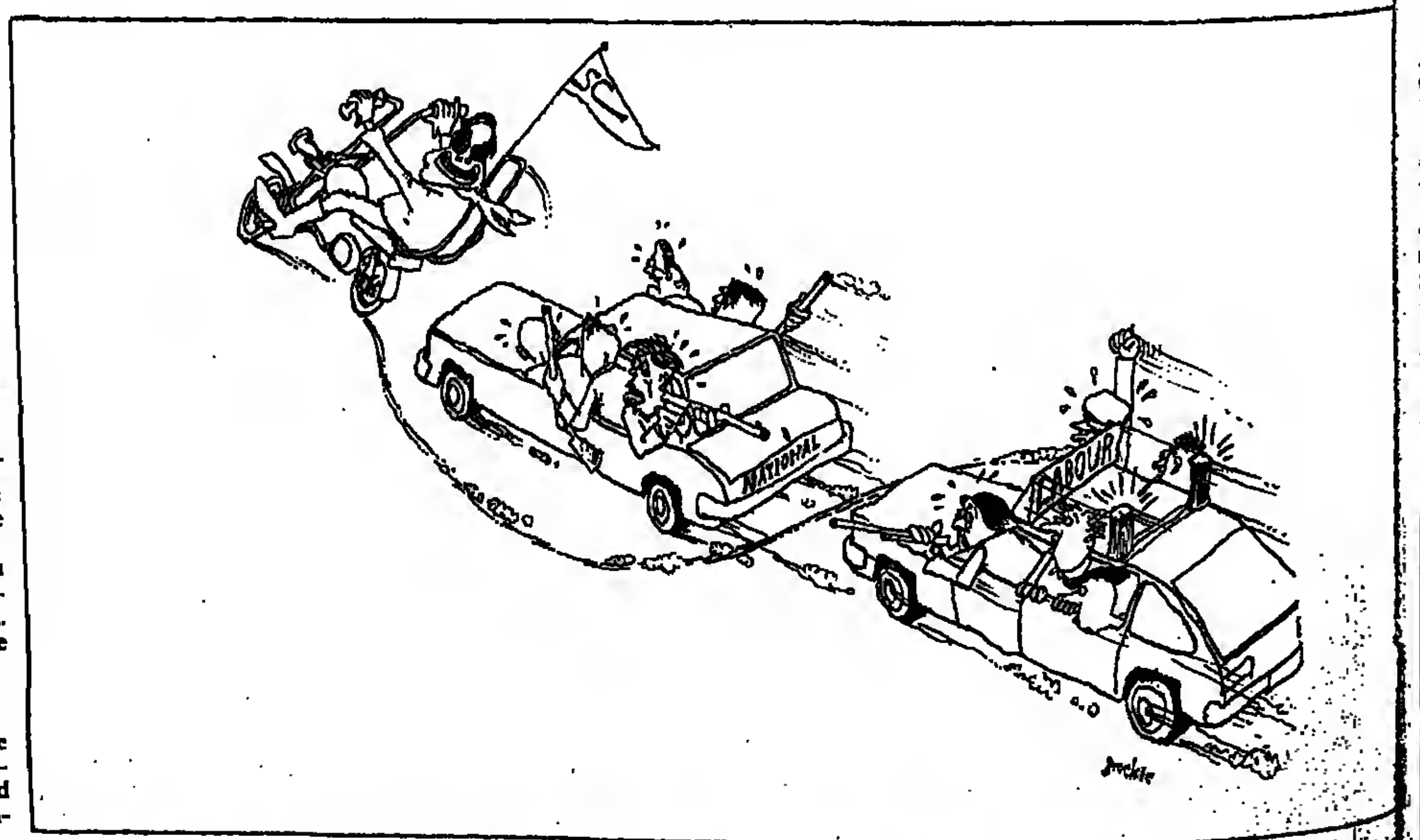
THE recent incentives, including a $200 conversion grant, for motorists switching to Compressed Natural Gas (CNG) in their vehicles (see story, page 24) prompts one cynic to note that they are "an inexplicable enshrinement of Parkinson's Law at the very time Government members are muttering about reducing public sector interference and expenditure".

The $200, he notes, represents almost exactly the duty on the imported CNG kits (25 per cent) and the sales tax (20 per cent). Eliminating that duty and sales tax would eliminate the cost of collection by the bureaucracy.

"To provide for a grant, the Government continues the cost of the bureaucracy involved in collection and adds to it the cost of a new bureaucratic involvement — the policing and paying of the grant," comments our free-enterpriser somewhat sourly.

"And so the Government continues to feed growing bureaucracy, despite its protestations to the contrary, and assumes the role of public benefactor and patron to a presumably grateful hands-out electorate."

## *Brockie's view*




NATIONAL BUSINESS REVIEW
Published by Fourth Estate Newspapers Ltd.
Managing Director: Reg Birchfield
Marketing Director: Ian F Grant
General Manager/Accountant: Stephen Underwood
Editorial:
Editor: Bob Edlin
Production: Ralph Green, Ann Taylor.
News & Features:
Colin James, Rae Mazengarb, Stephan Bell, Jack Hodder, Allen Parker.
Contributing:
Finance: Peter V O'Brien
Auckland Bureau:
Warren Berryman
Gordon McLauchlan
Advertising Sales:
Manager: Paul A C S Loh
Promotions:
Manager: Kathi Scott
Circulation:
Manager: Jan Chee
Auckland Office:
2nd Floor, Levlens Building
Cnr Airedale & St Paul Streets, Auckland
Tel: 799-304
Wellington Head Office:
Fourth Estate Newspapers Ltd
15 Blair Street, Wellington NZ
PO Box 9344
Tel: 736-878
Cables: Natbus
National Business Review incorporates Admart and is a registered publication weekly (except for last week December and first two weeks January).
Typeset and composed by Computype Services Ltd, Wellington. Printed by R Lucas & Son Ltd, 118 Kapiti Road, Paraparaumu.
Single copies: 80 cents.
Subscription rate: NZ$30.
Member ABC (Audit Bureau of Circulations).



## Comment

# Export help: the case for making traders pay

by Graeme J Davidson

THE Government has dropped the idea of charging for its export services. But while it is attacking a serious balance-of-payments deficit by pushing companies into exporting, a free consultancy service may not be the best means of achieving those ends.

The Swedish Government believes that export consultancy is best achieved by charging a cost-related fee. The British Trade Office levies a token charge.

But New Zealand's exporters can obtain free advisory assistance from any of the Trade and Industry Department's four New Zealand offices and from a network of 36 trade commissions in 29 countries, as well as from several trade correspondents.

The taxpayer thus funds an expensive export service for private companies — market research and surveys, locating potential agents, promoting products, arranging appointments, assisting companies in overseas trade fairs, and attracting appropriate investment to New Zealand.

The Government has a high-priority export status scheme, but the service is also available for the amateur exporter who rings the trade commission from a hotel at Disneyland (where he is staying with his wife and children, with a few sheep skin rugs in a suitcase) because he thought he would do "a bit of exporting on the side" to subsidise his holiday and claim some of the trip as a tax write-off.

This tends to penalise serious business people who have done their homework before leaving home, because the resources of some of our small overseas commercial offices are spread very thinly.

With 20 flights arriving from New Zealand each week, Los Angeles, a prime export target area, is a major starting point for New Zealanders to North American business trips and vacations.

The trade commission is visited by about 45 exporters a month; more visitors come in the American summer than the winter.

About 20 per cent of these callers are casual visitors who "drop in" on the trade office at short notice expecting immediate help. Because their need is immediate, staff will often put aside other projects to help, hampering efforts to provide an efficient service for those companies that have taken a planned professional approach.

The situation is compounded by exporters who ask for assistance from the trade commission, then, after the research work has been completed for them, fail to collect the material. About one in 20 exporters, on average, are reported as "failing to show" at the Los Angeles office.

Although he maintains that fewer business people are now taking the Government trade services for granted, Jeremy Spanjaard, New Zealand's Trade Commissioner in Los Angeles, says he believes there is a need to weed out the half-hearted and encourage more professional attitudes among New Zealand exporters.

He maintains that business people tend to value what they pay for and it is his personal view that a token fee should be charged for trade services.

"If there was a financial commitment by a company for obtaining a service from one of the trade offices, then I think we should get better results from the amount of input into the exercise," Spanjaard claims.

Business people do seem to place a higher value on what they have to buy, as can be seen from the way in which some companies will pay high fees to private consultants rather than use the free government service, even though the private consultant will often gain information from the Government service, then charge the client.

The British Government's overseas trade offices for some time have been enforcing a policy of referring all casual "drop in" visitors and inquiries back to the British offices of the Department of Trade. But Terry Blackburn, the British Consul Commercial in Los Angeles, says that exporters didn't really begin to act as if they valued the Government's Export Advisory Service until a token fee was levied.

The previous fee of £75, payable in advance, for finding an overseas agent, was extended last April to any project, however small or large, undertaken by the service.

"The fee has acted as a deterrent, against exporters who were making light of the service, and has encouraged a more professional approach to our service," Blackburn says.

Under the British scheme there is provision for a preliminary inquiry so that a firm can decide whether to go ahead with the service. Blackburn's only criticism of the new scheme is that the overseas office concerned does not have any input into the initial screening process, which is undertaken in Britain.

If it is true that the more a firm has to pay for a service, the more it will be valued, then the Swedish Government's export service should be highly esteemed by its users. Each Swedish overseas trade office must be financially self sufficient.

Swedish companies are charged for the service on an hourly basis, plus 20 per cent for administrative expenses. The usual cost for work in Los Angeles for Swedish companies is about $60 an hour.

Stig Cedermark, the Swedish Trade Commissioner in Los Angeles, says that this means that there would rarely be an exporter who could afford to treat his government's service in an unprofessional manner.

"After all," he says, "we are charging competitive commercial rates, so companies regard our service in the same way they would regard a private consultancy service."

Swedish trade commissioners frequently return to Sweden during their overseas posting to promote their service among Swedish companies.

As the Swedish Trade Council recruits its officers, including trade commissioners, from the export industry, rather than from government, and each overseas trade office in a country tends to specialise in specific product areas, instead of trying to operate within a geographical boundary, a close bond can develop between an overseas trade office and a particular sector of Swedish industry.

Another strength of the Swedish system, according to Cedermark, is that the level of fees charged allows the Swedes to buy expensive research data and to hire specialised consultants where necessary, so that the clients receive high-quality attention and advice.

Exporters tend to place a higher value on a service that charges at market value, according to Cedermark, but often they unreasonably hope that their money will buy them nothing but good news.

"The biggest disadvantage with the Swedish system," Cedermark maintains, "is that if a company pays $5000 for us to find a local agent, we get a lot of negative reaction if we have to give them a negative report. Even though negative information can be valuable, it still creates bad feelings towards us."

But even a free service does not stop the disappointed exporter from complaining, as various Los Angeles-based trade commissioners can testify.

While charging the market rate for the New Zealand Government's export services would undoubtedly encourage more professional attitudes by the exporter, enable the Government to provide a better service, and help ease the burden on the taxpayer, it would discriminate against the many struggling small exporters whose cash flow might be handicapped by a significant fee.

This could encourage a do-it-yourself approach to exporting which might prove time-consuming and frustrating to the exporter and project a poor image of New Zealand industry.

Nevertheless if New Zealand is to export its way out of a balance of payments problem, a more professional approach to exporting needs to be encouraged, and if the British and Swedish experiences are to be a guide, levying some kind of fee for the Government's export services could prove a useful strategy.

— Graeme J Davidson

Graeme J Davidson is a freelance writer living in Los Angeles

## *Tourism*

# Air NZ lands benefits from Tasmania

AIR New Zealand will be the main beneficiary of Christchurch's twice-weekly direct air link to Tasmania — and it is not even flying the route.

Neither of Australia's domestic twins; Ansett and TAA, expect to profit from their first overseas service.

Nor do they expect the regular business traveller to fly to Sydney from Auckland via Christchurch and Hobart, unless he wants a holiday or a flutter at the Wrest Point casino on the way.

Both airlines regard the link as an extension of their domestic services, bridging the vital gap for long-distance tourists who want to see Australia, both main New Zealand islands and probably the Pacific isles as well

Air New Zealand . . . can expect to benefit domestically

Ansett general manager Frank Pascoe is enthusing at the potential for Japanese and American tourists who will be keen to fly the Tasman on the "Southern Connection". And that is where Air New Zealand can expect to benefit; picking up arriving tourists and taking them home or bringing them south to make the Hobart connection in Christchurch.

Air New Zealand is general sales agent for Ansett and, through NAC, for TAA.

Ansett has well established offices in Tokyo, Los Angeles and New York which are willing to promote New Zealand as part of a Pacific package and is looking to Air New Zealand for some support.

Holidaymakers will be the main traffic, although businessmen from Christchurch wanting a no-change service to Adelaide, a connection to Perth or an alternative route to Melbourne, may find the link appealing.

To succeed, Pascoe said, the route would need "a lot of development and a lot of attention".

He insists Ansett has no fixed budget for the Tasman promotion and declined to say how much was being spent initially.

The Tasmanian Tourist Board is coming to the party. Pascoe describes it as "one of the most progressive in tourist promotion, very vigorous and active". A team was aboard the first flight last week.

Pascoe says he will be happy if the 142-seat — Boeing 727s, which both airlines are using, are flying 60 per cent full after three months. And with that load, "while the bottom line might not be right the cash flow will be sufficient", he said.

Profits will be taken by other Ansett operations-domestic air services, coach lines, hotels and rental cars, sold in modular packages to long-distance tourists.

Both airlines are disappointed that Civil Aviation Minister Colin McLachlan rejected their application for lower fares. Normal Tasman fares will apply with advance booking discounts.

There are other factors at stake. Next year the Australian Government will review its controversial international civil aviation policy.

Pascoe says Ansett — which wanted the Hobart service to itself — will be fighting to get the route in its own right and not as a Qantas-designated service.

The service will also test the domestic carriers abilities and determination to provide a regional international service, a right which Ansett has been claiming for some time.

"We do not want to operate in competition to Qantas," Pascoe said.

"We believe that the domestic operators should be allowed to operate any services that Qantas cannot or will not operate."

Ansett also wants to move into the frequency void created by the national carrier's all-Boeing 747 fleet. Fiji is one example, which Pascoe cited.

"We know the 747 has affected traffic to and from Fiji," he said.

Qantas now overflies Fiji on most of its services to North America.

"We believe that is a void that should be looked at," Pascoe said.

Papua-New Guinea, Indonesia and New Caledonia are other destinations which Ansett aims to serve.

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*Letters*

## Medical insurance

I HAVE read with interest and concern your article "Government moving to regulate health insurance," (*NBR* November 17).

My concern is the inference that perhaps only Southern Cross and New Zealand Medicare could survive the financial burden of finding up to $500,000 to lodge in Government stock.

I would like to point out that Group Health is the second largest medical benefit society of the kind you are quoting, in New Zealand at the present time. If the Government requires a deposit of the size you are suggesting we will certainly be able to meet the requirement.

At this stage I would also point out that our contract between the society and its members is not strictly one of insurance, but an agreement to refund a proportion of surgical and medical expenses incurred by membera.

The comments made by the Health Insurance Executive which you have quoted are indeed correct and Group Health retaina the services of one of New Zealand's leading actuaries to advise on risk factora and our accounts are audited by a leading national firm of chartered accountants.

I trust this letter may be of assistance to you in providing information which previously had not been available to you.

**P R Staplea**
**Chief Executive**
**Group Health**

## Serving up local lamb

CHRIS Robinson in hia comments on New Zealand wines (*NBR* November 24) writes all too truly. But his comments apply fairly not only to wines.

The question I ask is whether any tourist to New Zealand could return to his/her home country and ever want to eat sheep meat again. The lesser rank of New Zealand restaurants serve roast lamb or lamb chops with mint sauce, either way overcooked and uninspiring, while restauranteurs with higher opinions of their establishments generally avoid serving them at all.

Sheep meats can be presented in such a way as to be culinary treats, yet the imagination of the potential importer of what is supposed to be our number one export product is hardly likely to be enthused if the local version of this product tends to be an over-cooked piece of greyish-brown matter tasting primarily of the vinegar in the mint souce in which it has been doused.

Is this what we are supposed to think of as export marketing of our primary produce?

**David Tripe**
**New Plymouth**

## Morrie Davis and Air NZ

MANY of us in the travel industry believe that Morrie Davis sees himself as the Muldoon of the world of commerce. He thinks that by questioning the professional ability of a critic he has answered him. Gordon McLachlan's article (*NBR* November 10), by any yardstick was an extremely good and timely in-depth review of its subject.

Air New Zealand, directed by its management, is for good or evil, a powerful influence on the direction of inbound and outbound travel. This has political, economic and social implications and results which Air New Zealand management, certainly in the past, preferred to disregard in the interests of its own vested commercial objectives.

An example recently was where Davis' senior colleague John Wisdom berated travel agents who, he said, did not support Air New Zealand. His answer was not to discuss or help eliminate agents' grievances but "to drop those components of the trode who did nor support the national carrier".

This aptly describes the bureaucratic attitude of Air New Zealand management. The public's right of choice of airline, if exercised, is tantamount to treason. In the past, the Government has invariably backed their management decisions, seemingly, blindly. The result is nn administration which octs more like on extended arm of Government than a competitive international airline.

The consequences can be seen when, earlier this year, Davis dourly defended the recruitment of about 250 new staff at an average salary of almost $20,000 and now only three months later attempts to convince the public that about 900 staff should be made redundant.

If Air New Zealand had been a public liability company in the true commercial sense, the directors of the company would have made its top management the first casualties of redundancy.

**Travel agent**
**Wellington**
**(name and address provided)**

## Fair deal on air fares

I WAS most interested to read the item in your November 24 issue concerning 50 per cent fares on Air New Zealand international flights for Defence Staff and dependents.

Does Air New Zealand not realise thot the tax puying public are the "bosses" of the Defence staff, and for thnt matter of Air New Zealand staff. Surely what is good enough for the workers is good enough for the bosses, to parody on old saying.

The removol of speciol discounts, together with the removal of supply of tea, coffee and biscuits on all internal flights, with a commensurate reduction in hostess numbers per flight, would assist in reducing Air New Zealand's loss and would give the rest of we travellers o "fare" deal.

**W S Hawkyard**
**Pukerua Bay**

## Ethanol at 44c a litre

I READ with interest the article on the questionable advantages of backyard ethanol (*NBR* November 24).

While I appreciate that your reporter was discussing one particular experiment and while not wishing to draw a cloud across the prospects of solar distillation in New Zealand I would be concerned should your readers draw the conclusion from this article that this is the only method by which farmyard alcohol can be produced.

While in no way decrying the endeavours of the Lynley Solar SED Pack I would like to assure readers that it is possible under present technology to produce ethanol at 44c a litre.

This has been done on my Wairarapa farm, (with four partners) using enzymic fermentation on barley as a feedstock and then using conventional distillation.

At present, electricity is being used to obtain the required heat temperature of 78.3 degrees centigrade for distillation, but we are also looking at either efficient wood burning technology or possibly methane.

It is also important to counter one of the criticisms of using farm crops for alcohol, and that is the complaint that good land should be used for growing food, not fuel.

The bulk of barley harvested in New Zealand goes for stock food. If a by-product such as ethanol is made from the starches in the barley, then after making on-farm fuel, the farmer still has available an extremely valuable high protein stock food with very little nutritive loss.

In conclusion the big question now is that having proved we can make on-farm ethanol at 44c n litre, where does it go from here?

The first stage is to increase our capacity to an economic level.

The attractive thing about on-farm ethaool is that there are considerable economies of scale in producing 100,000 litres a year, which would cater for the fuel demands of approximately 20 farmers, and this is a project well within our grasp.

**J H Taylor**
**Beaumaris**
**Masterton**

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*Politics*

# The Talboys retirement and what comes after

by Colin James

POLITICS went surreal last week. Bruce Beetham started talking about a revolution. The Labour Party appointed Simon Walker as communications director. And National started getting used to the idea of Duncan MacIntyre as deputy Prime Minister.

Spare a thought for the 1978ers. No sooner did they seem to be getting somewhere on tax than they were copping it out home in gorseland for the boss's frank re-endorsement of MacIntyre.

It was getting through to them that the Prime Minister meant what he said during the leadership crisis about not changing. And they did not much like it.

A little group of them swore to me that there was no way MacIntyre could be deputy. The party wouldn't stand for it and nor would the party's backers. They would have Derek Quigley.

Quote: "Usually when Muldoon goes out on a limb, just when people think they've got him cornered, there he is at the bottom with a chain saw. But this time he's up the top without a saw."

Afraid not. Assuming, as everyone was last week, that Brian Talboys announces his retirement this Tuesday, the odds are that MacIntyre will succeed him. There is still some drying to do behind the ears.

There are consolations, however. Bit by bit Government policy has been shifting in what they think is the right direction: textile restructuring, delicensing, bad bills fixed, the development strategy strengthened.

I shall come back to these issues in a future column. The point I want to make here in the meantime is that backbenchers feel they have been making progress.

One said last week that the change in Government policy had been far greater than he had dreamed possible two years ago.

They even appear finally to have shifted the Prime Minister on the question of tax reform. Or perhaps, to put that neutrally for reasons which will become apparent, the Prime Minister appears to have shifted in a direction they approve of.

The Prime Minister's reaction to tax reform — by which is meant here shifting the incidence of tax from income tax to other forms — has till recently been the kneejerk 1960s response that it cannot be done because a switch to indirect tax would push up the consumer price index and the unions would demand compensatory and hence inflationary wage increases.

Yet there have been powerful signs that there really was room for movement if he wanted it.

First, the Labour Party in 1978 proposed heavy cuts in income tax to benefit wage workers, to be paid for with a silly foreign exchange tax, an idea that won't be in the 1981 policy.

Why should a party which had done most to push the idea of graduated income tax suddenly turn against it? Because fiscal drag was starting to hurt a large chunk of its traditional support — wage workers.

The party figured that whereas once wage workers would have seen a tax-switch as favouring the middle classes at their expense, they were increasingly focusing on the potential gains to themselves.

About the same time it began to dawn on union officials, too, that income tax was hurting their members, who could not escape it as readily as the middle classes can. They began to talk in terms of after-tax pay increases, in preference to gross figures.

It took some time for the Prime Minister to cotton on to this — at least, judging by his initial unenthusiastic response to Federation of Labour initiatives, it did.

But last month he suddenly conceded the FOL's general wage order bid in return for its taking into account tax cuts in arriving at the gross rate movement necessary to compensate for cost-of-living increases.

The FOL sees it a bit differently — as testing the principle that wage movements should be calculated on take-home pay. But at least they are in the same ball park, so to speak.

The Prime Minister also, with some urgency, got the tripartite talks on a new wage system restarted — again with an apparent concession to FOL thinking, since its starting point will be the FOL-inspired working party report he rejected in July.

He is, it appears, keen to cement any tax-wage trade-off arrangement that may emerge from the Arbitration Court general wage hearing.

In an interview with Brian Lockstone in the *Auckland Star* before last week's overseas jaunt, he did raise all the old quibbles; people really want reductions, not shifts, in tax and there are then problems balancing revenue and expenditure; raising indirect taxes raises outcries from affected industries; present inflationary circumstances do not permit a major change.

But he also struck a positive note: if the principle of taking income tax cuts into account in wage calculations was accepted in the Arbitration Court and then generally, "then I can advance my thinking on tax reform very much more."

That thinking may, then, very well mean there will be some commitment to reform for the party to take to the electors next year. With Labour and Social Credit already in the ring, it looks like being a monster tax auction on the hustings.

A victory for the backbenchers, even though there will still be a wait? Well, let's give them some credit.

But there are other, probably more important factors. One is the International Monetary Fund, which, to the Prime Minister's embarrassment, is not as far onside with his views of the economy as he claimed in a speech a couple of weeks back, but wants urgent and far-reaching tax reforms.

But perhaps an even more important clue to his switch is his own belief in his appeal to part of Labour's traditional wage worker support — the bit he is sure no other National leader could reach, as he trumpeted during the leadership crisis.

His "reforms" of the income tax structure have been aimed at his band. Perhaps he, too, now understands that voters in this band have joined the middle classes in wanting bigger tax changes.

He may also be aware of Social Credit's appeal (partly a tax appeal) to those voters. And the leadership crisis — by making clear to him how deep were the divisions among the party's traditional supporters about his leadership — may have heightened his awareness of just how important that wage worker support is to his personal political future.

He is out there battling on his own. He needs MacIntyre as his deputy, because MacIntyre would be a loyal supporter. Quigley and he would be constantly at loggerheads.

That partly accounts for the eagerness with which he seized on the marginal lands board report as clearing MacIntyre and for his insensitivity to the lingering discomfort about the matter in rural electorates.

To elevate MacIntyre to deputy would take National beyond the pale with many of its older, more proper supporters — and probably help push more gorseland farmer votes to Social Credit.

There was last week much agitation in Auckland party circles to promote Gair and in the South Island for Quigley. But at dominion executive level there was, I understand, a preparedness to go along with the Prime Minister.

The strategy at the top is now aimed less at trying to win the next election — even George Chapman has publicly acknowledged only a 50/50 chance — than at holding the party organisation together in the event of a loss to rebuild for 1984 and beyond.

That would best be done by Talboys staying on as a lame-duck deputy, but apparently this is not to be. It can still be done with MacIntyre, strategists believe, because of his high standing as Minister of Agriculture, a post he is likely to retain.

The top strategists are determined to keep their potential reconstruction leadership untainted by a 1981 defeat (of course, if there is a win, there will be no need for reconstruction).

That was at the root of the executive message to the MPs during the October affair: put the squeeze on the Prime Minister but do not replace him. The MPs misunderstood the message as a call for the knife.

Over the next two months as this matter heads towards a caucus decision in February (the most likely time), MPs will be given the same message about MacIntyre.

Some will not hear — or not heed — and will foment a challenge, perhaps even persuading Quigley to stand. But the odds at this stage are that enough will hear to shore up the Muldoon leadership for next year's merry ride to the election.

## A pernickety P

OOPS. Last week I made the standard one error of misreading David Thomson for Geoff Thompson as asker of a Social Credit money question. In fact, I understand Thompson (from the Labour-vulnerable seat of Horowhenua), is the originator of the whole question-asking idea, now, it seems, in disfavour.

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*Economics*

# Training a path out of high unemployment

Economics Correspondent

MAJOR-General Lesley Pearce, chairman of the Vocational Trainiog Council, thinks the key to solving unemployment lies in planning, co-ordination, co-operation and the desire to make things work. That was the philosophy behind his recent talk, "Training: An Economic Necessity" given to the Wellington branch of the Economic Society.

Although not an economist, Pearce (probably unintentionally) hit a nerve in the growing polarisation of views for solving the unemployment problem. On the one hand, advocates of a more market economy claim that unemployment is a short-term cost for restructuring toward more growth aod a small cost for the benefits of new technology.

But advocates of planoing say there is no need for unemployment to be as high as it is. With proper planning, we should be able to provide more jobs now and still guide the economy on to a fast growth track.

But we may never know if planning can work in the employment area because, as Pearce points out, one of the basic problems with providing work is that there is little or no manpower forecasting being done to match the supply of jobs with the demand for them. Many managers of local industry would rather bring in already skilled people from overseas rather than face up to training and re-training locals.

Training needs will be affected by the so-called new technology.

Some developments of the silicon chip may reduce employment prospects in the future, but in other industries the increased efficiency wrought by technology may improve employment opportunities.

So it is not the application of the chip that concerns Pearce. It is the problem of finding the direction in which we should be moving. Until we have an agreed development plan, it is difficult for employers to know what jobs will be available in the future and it is difficult to offer the right sort of training to potential employees.

With current unemployment numbers it seems paradoxical that labour shortages exist. But, as Pearce points out, there is not the skilled labour available to meet the current needs of some industries. And we are totally unprepared to take advantage of some of the more exciting types of industrial development.

The Government recently introduced a scheme to train 600 engineering apprentices over the next year or so. But, the supply of engineering jobs is not defined and placiog the apprentices in employment has yet to be resolved.

One of the few studies undertaken to assess our skill needs was prepared by Davy International and the Ministry of Works and Development for the Liquid Fuels Trust Board. This report found that there was a shortage of workers with the skills to carry out some of the major energy developments. While questioning the accuracy of this study, since many of its sources were not mentioned, Pearce says we need more similar studies.

Specific skill shortages that have been identified with our limited information include computer manpower. One firm estimates that there will be a shortage of 1000 programmers by 1985. Other skill shortages include fitters and turners, fitter/welders, toolmakers, electricians, motor mechanics, sheet metal workers and sewing machinists.

None of these skills can be learned overnight. So we are faced with importing people, developing industries that are not dependent on these skills or extending the time-frame for development until more people are trained.

The lack of skills like those listed above bottlenecks the rest of our development, It may mean that our future is determined by the skills that are held by members of the workforce.

But with a little foresight, we could plan our skills to match our future development plan instead.

# Balance of payments deficit up, OET down

THE deficit on the overseas transaction account for September year 1980 was $478 million, a fall of $20 million on the deficit at the same time a year earlier and a fall of $44 million on the deficit year to June 1980.

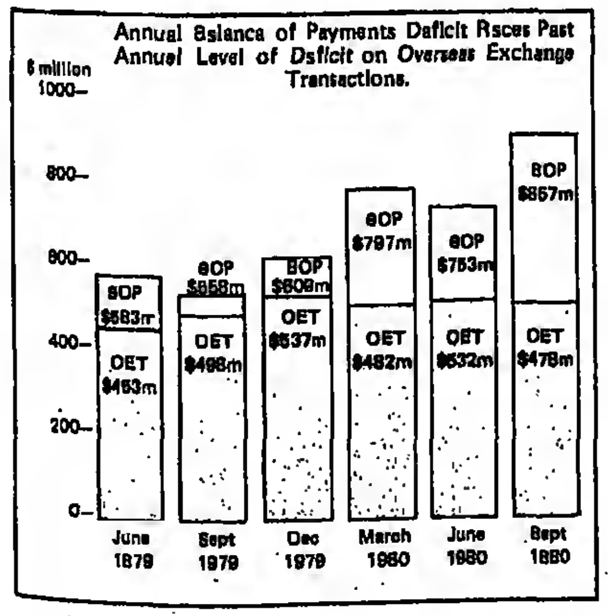
The deficit for the year to September 1980 was composed of a surplus on trade transactions of $899 million and a deficit on invisibles of $1378 million.

Export receipts were 29 per cent higher than for the previous 12 months, with dairy and forest products showing the strongest growth. But this high growth in export receipts was wiped out by a 30 per cent growth in import payments.

The picture improves in some ways for the year ended October 1980. While the OET deficit on current account rises, the deficit on invisible transactions deteriorated less substantially. Invisible receipts were up, growing by 28 per cent, while invisible payments were growing less rapidly at 19 per cent.

Invisible receipts grew strongly in the areas of personal receipts, insurance and transfers of funds by immigrants. Invisible payments, such as transport payments, rose rapidly but travel payments increased only modestly and transfers by emigrants and temporary residents actually fell.

It is too early to tell if this trend in invisible receipts will continue. But it is this item that has consistently wiped out our substantial gains in export earnings over the past two years. If the latest figures signal a downward trend in invisibles, we may soon see a fall as well in the balance of payments deficit.





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NBR 8/12/80

# The gradual approach: heralding a golden dawn?

PETER V O'BRIEN commanta on lha financial and businass waak, appralaas the share matkal and analysas lha company accounls.

THERE are divisions and contradictions in announced economic policy for the 1980s.

The Government gives the impression of opting for "gradualism" in its approach to structural change in the economy. That approach is based on the philosophy that it is better to move slowly, thus avoiding major disruption, a sudden increase in short-term unemployment, and consequent social and political problems.

Thus we have fine-tuning, a conservative outlook on economic management, and the introduction of policies which are brought together in stages as each part of the "experiment" is seen to work, or not work as the case may be.

There are several examples of the experimental approach. The gradual introduction of a flexible interest rate policy and the sliding devaluation each month ore examples in the money field.

The latest, slbeit rather technical, is the "tap stock" method of financing government money requirements, which also allowa the suthorities to even out the liquidity flowa in the economy, without sudden disruptions to the money markets.

That has been described as "an experiment at this stage" by someone who should know about the nature of official financial policies. If it works we will probably see greater sophistication in the new policy as it hecomes refined. If it fails to work, it will either be adapted until it does or it will be scrapped.

The Institute of Economic Research has analysed the predominance of the gradual approach hy stating four main reasons for its likely continuation. These were set out in *New Zealand's Medium Term Economic Outlook and Regional Implications,* published in September (*NBR* October 6).

They related to appreciation that, while future growth in living standards is under threat, the present level is still high and not under threat. This was coupled with the longer term view of the country's future, as natural resources are harnessed; the difficulty of changing institutional views on "new circumstances" (the vested interest problem); and the unemployment question. The last waa said to lack the same volume of political outcry as in earlier times, but any threat to "actual living standards conflicts sharply with the electorate's high expectations".

All that makes sense when applied to apparent Government policies, particularly aa it injects a strong dose of pragmatism into the economic debate. The present Government has oever been short of pragmatiam.

Application of this philosophy means that we await the golden dawn of the mid-1980s, but hold the fort until then. It can also partially explain the mini-budget's proposals for amall business, which employs the bulk of the workforce.

Then the thinking takes a sharp turnaround. The Government is now telling people to "think big", a phrase apparently coined when the Challenge, Fletcher, Tasman proposed merger hit the news.

"Think big" now encompasses aluminium smelters, methanol plants, and the rest of the large scale development schemes planned for the decade. It is prepared to commit substantial funds and reaources to big projects, which have no "experimental" element in them. They are developed, and either succeed or faii. There is no possibility of introducing them in atages.

And big projects have been known to fail. A few weeks ago an industrialist commented that sometimes he wondered if the suma his company was commiting to expansion would pay off. Overseaa experience shows that there is no guarantee. That is part of the normal risk-taking inherent in any business transaction, but it sits strangely with a "gradualism" approach of a Government in other areas.

It also sits strangely with another division; between "more market", and Government guidance. The industries studies programme also has to fit into all this somehow. Those studies are now delayed as the talkfest continues and attempts are made to reach "agreement" on future development.

Finally, we come to the question which has been overlooked in the continuing arguments nbout the country's development. What happens when the golden dawn has dawned?

There ia clearly no argument that every person willing to work should have a job, and receive the wherewithall to provide for their needs and those of their families. So it is obvious that unemployment is the issue which must be disposed of, before everyone can share in the goodies of the mid-1980s and the 1990s.

But what then? No government or other official statement has considered the goals after the full employment goal has been reached. Do we all then sink into a happy zombie stage, in New Zealand Ltd, Inc, or whatever you like to call it, content with three cars and a motor boat in every garage, having eliminated the need for thought or effort in our natural resource development paradise?

It would be nice to think that the policymakers were taking those issues into their calculations. But that may be too much to expect from policies based on conservative "gradualism", and a "think big" cry, which fails to explain what happens after the thinking has been done and the big arrives.

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## Euphoric pies in the sky

THE sharemarket gave notice last week that it needs more than pie-in-the-sky euphoria to support company prices.

NZ Forest Products was cut back 16c on Monday, from $4.26 to $4.10 before recovering to close the day at $4.12. Another recovery on Tuesday brought the price up to $4.17.

Forest sold around the $3.75 level on October 21, the day before the announcement of the proposed Challenge, Fletcher and Tasman merger.

A jump to $4.40 in the following five weeks, before easing down to $4.26, added 17.3 per cent to a price which was already fairly high.

The market was initially unimpressed with an increase in interim dividend from 8.5c to 10c, indicating a total payment for the year of at least 20c, assuming there will be no change in the final payment.

The dividend at $4.20, on a payment of 20c a share would be 4.76 per cent, but since it is likely to be paid from tax-free sources, the effective yield is 11.9 per cent for an individual with a marginal tax rate of 60c in the dollar.

It takes many individuals to move Forests' share price, since the company is so big, and most of the institutions have "full books" of the scrip.

Unless the second half year shows a dramatic improvement after price rises for goods on the domestic market from December 1, the company will find it difficult to reach some of the projected profit figures calculated in recent months.

Tax paid profit went up 16.5 per cent, in the first six months after deducting an abnormal item, but the rise in the second half will be higher, because the company will not be contending with the Kinleith strike.

That shutdown cost $13 million in tax paid profit. It looks as though the full year's result will be in the region of $15-$50 million, after removing the abnormal item, and before taking the 40 per cent share of UEB's second half profit into account.

Several other stocks enjoyed a good run last week. Brierley Investment hit $5 ex the cash issue and dividend, but cum the bonus issue. The shares were selling around $2.20 earlier in the year (when they went ex last year's bonus), and a rise of 127 per cent in about 10 months is a strong performance. Apart from the merger companies it should be among the best of the year when the scores are totted up in a few weeks.

The DIC, discussed last week, jumped to $2.30 by Tuesday. A week earlier the shares were selling at $1.85, and reasonable volume was traded on the way up. A movement of 24 per cent in a week is unusual, but the availability of tax-free dividends for many years, plus the effects of the mini-budget on retail trading, is probably the reason.

At $2.30, the shares have a yield of 6.95 per cent in absolute terms. When adjusted for a taxation benefit, the equivalent yield at 60c tax rate on an alternative investment is now 17.3 per cent.

Westbridge, formerly Bridgevale Consolidated, was the high flier. The shares have moved strongly since the Bridgevale Mining issue closed heavily oversubscribed, at an alternative route into the mining company.

After a rise of 70c last Monday, the shares went up again on Tuesday, in line with information that the mining company's shares were being traded unofficially off the market at more than $1 for the 50c units.

Westbridge reached $3.60 on Wednesday, when the mining company's shares were listed.



# Analysing annual accounts: Alliance Textiles


Wool inventory . . . gives a false picture of liquidity

ALLIANCE Textiles' 1980 annual report is now an item of historical interest. The company's assets and liabilities have increased by about one-third after the arrangement to purchase Mosgiel's plant, stock and mill since balance date.

Total assets at July 31 were $24.7 million, but they increased $7.7 million as a result of the deal between Alliance, the Government and the DFC in August.

Future accounts will take that arrangement into the books, and make comparisons with previous years difficult, in the financial sense.

The current Alliance report has interesting information in its own right. It shows both the difficulties of the woollen textile industry, and how various problems can be reduced by the application of firm controls, plus the foresight to do one's own "restructuring", before either the Government or the creditors impose it from outside.

Alliance lowered its stocks down from $11.4 million in 1979 to $9.9 million last year, and, in the process, cut reliance on outside finance, with a consequent reduction in the interest charges. While the total cost of interest increased, it would have been higher, but for the lower level of inventories.

Inventory is a problem in a New Zealand textile company, particularly in the woollen section of the industry, because it often gives a false picture of "liquidity".

The standard method of dividing current liabilities into current assets to obtain a "current ratio" runs into problems if it is applied slavishly, without regard to the particular industry.

It is possible to preserve the ratio by increasing stocks each year, and financing it by a similar movement in bank overdraft.

The day comes when the stock (particularly work in progress or finished goods) is either the wrong products, or too many products which have a limited market.

Many textile companies have "gone through" because they could not sell stocks when the time came to cut down the level of borrowed money. On the appointment of a receiver, the worthy gentleman has found that the true stock value is well below book value because it may comprise goods that have no market.

A passage in Alliance's "Review of Operations" covers the action taken in the milling operations.

"Our plants at Milton, Oamaru and Timaru all operated below capacity during the year. Production was reduced to equate with demand which resulted in fixed costs being spread over lower volume. At the same time finished stocks were reduced resulting in a saving in interest costs".

A comment regarding the purchase of Mosgiel also reflects the cautious attitude to stocks: "While it is taking time to get on top of the Mosgiel situation, the margin available to us on the stocks we purchased will be more than sufficient to offset the transitional costs".

Alliance's operating profit was well up on the previous year, even when taking $314,434 for "abnormal items arising from planned restructuring" is taken into account. The profit of $903,098, including the abnormal expenditure, was a significant increase on 1979's $590,138. The figure includes $710,937 in export incentives and grants (Alliance made no provision for taxation) compared with $610,099 for that item in the previous year, and another $100,000 as "conversion grant export suspensory loan", which boosted income from those sources to $710,099 in 1979.

Alliance's exports reached 25 per cent of total sales. The company might be in difficulty, relative to its size, if it failed to push its products overseas. The 1981 report will show whether the company "has got on top of the Mosgiel situation", but it seems in better shape to cope with the problem than was the case in 1978-79.

## Correction — Andas

Analysing annual accounts (*NBR* December 1) included references to the sudden rise in the value of motor vehicles in Andas Group Ltd, and the comment that the directors should have disclosed what happened. I also said that the annual meeting on the previous Friday might receive a reply.

A shareholder raised the question, and was referred to a change in accounting policies stated in the notes to the accounts.

The company has changed its treatment of company-financed motor vehicles, and now treats the total cost as an asset, rather than the amount paid up at balance date.

In these circumstances, the comments made on motor vehicles and the lack of disclosure were unfounded and arose from failure to observe the note.

Therefore, it is time for digestion of quantities of humble pie and withdrawal of references to the lack of disclosure.

– PVO'B

## won't keep prices airborne

Bridgevale closed at $1.65 on Wednesday and there may be considerable daily fluctuations in the price in the early trading days.

Many stags will settle for treble their money, with Christmas a few days away, while there could be alternative pressure from people, wishing to increase their holdings, and raise the average price of each share in the portfolio above 50c, but below the market price.

There is nothing new in that, as investors will remember from the days of L & M Oil. When the various pressures are removed, probably in the New Year, the market will take a consistent view of an appropriate price.

A rash of trading in a nearly listed speculative mining stock would be a fitting end to an extraordinary year on the sharemarket.

Note: The writer neither owns, nor has a beneficial interest in, the securities discussed here, including Bridgevale Mining shares which have now been sold.

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*O'Brien on business*

# Current data shows deteriorating export excess

EXCESS of export income over import payments deteriorated in the year to September, according to the latest balance of payments figures released by the Department of Statistics last week.

The balance of payments statistics include all the country's transactions with the rest of the world, and include the accruals from the transactions as well as the cash flows in and out.

As the department warns, "they should not be refused with the Overseas Exchange Transactions Record statistics prepared by the Reserve Bank, which measure only transactions involving flows of foreign exchange."

The detailed release shows a surplus on "merchandise trade" (export income less import payments, both adjusted to balance of payments concepts) of $331 million in the September year, compared with $544 million in the 12 months to September 1979.

Comparisons between figures for previous years, or quarterly periods, must be made in relation to a constant point, because the data changes considerably depending on the time of the year.

The period to September includes the low point for export income, and therefore it is invalid to compare September with March or June. Export income is higher in the March quarter, and therefore the surplus (assuming there is one) should also be higher when either a March quarter or year is compared with a September quarter or year.

The deterioration in the merchandise balance relates to a substantial rise in the cost of oil imports over the last 12 months, because export income increased 25.7 per cent in dollar terms over the period.

Payments for imports went up 35.2 per cent, again in dollar terms. When the non-oil imports are accounted for after adding in overseas inflation, it seems clear that the substantial rise cannot be explained by either a sudden increase in volume (given the static economy) or massive price rises for non-oil imports.

The drop in the merchandising balance in the 1980 September year was greater than the rise in the deficit on invisibles, both absolutely, and in percentage terms.

The invisibles deficit rose from $1064 million in the year to September 1979 to $1245 million. The dollar increase of $181 million (17 per cent) was below the decline of $213 million in the balance of merchandise trade.

The department takes the balance on invisibles away from the balance of merchandise trade, and then adds in the net changes in "transfers" to arrive at the balance on current account.

Credits from transfers totalled $268 million, while debits were $212 million, leaving a net amount of $56 million. The difference between invisibles balance and merchandise trade was minus $914 million, which was reduced to $857 million (in round figures) after deducting the net $56 million.

The deficit on current account in the 12 months to September 1979 was $568 million, so we are a long way from achieving a surplus in the balance of payments.

The corresponding current account deficits for the March years were $469 million in 1979 and $797 million in 1980. The position improved slightly when like is compared with like.

Credits and debits for the current account throw up interesting information in regard to the cost of New Zealanders travelling overseas. In the year to March 1979 the outflow was $388 million, rising to $470 million by September, to $500 million in the year to March 1980, and $532 million in September 1980.

Seasonal factors affect overseas travel movements. When allowance is made for them, there has been a slowdown in the rate of increase over the past two years.

This also shows up on a quarterly comparison, and suggests that calls for controls over funds may be unnecessary, if the "problem" is solving itself.

Substantial rises in basic airfares, a deteriorating dollar against other currencies, and tighter internal economic conditions could be achieving the same result as controls, particularly as the latter usually come up against Kiwi ingenuity.

Many will remember the days of mailing to yourself overseas large numbers of British postal notes, obtained by doing the rounds of metropolitan post offices each day although only one note was supposed to be bought on a given day. And there was the thriving foreign currency black market based in various hotels, taxicabs, and other places where money handed over by overseas visitors failed to find its way into the banking system, but was sold at a premium to peripatetic New Zealanders heading away for a few weeks.

The balance of payments statistics disclose a continuing unhealthy picture, but the substitution of locally produced fuel for imported oil would have a dramatic effect on the country's external transactions, which is the main constraint on the internal economy, and thus on local business activity and unemployment.


# DRILLING FOR THE EXPORT MARKET

## THE SITE

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# Stock Exchange weekly review

FOR WEEK FRIDAY NOVEMBER 28 TO THURSDAY DECEMBER 4

| | Last sale | Week's high | Week's low | Turnover |
|---|---|---|---|---|
| [illegible] | 140 | 1C0 | 1C0 | 600 |
| [illegible] | ... | ... | ... | 0 |
| [illegible] | ... | ... | ... | 0 |
| [illegible] | 305 | 305 | 300 | 11800 |
| [illegible] | 125 | ... | ... | 0 |
| [illegible] | 105 | ... | ... | 0 |
| 11.5% CONV PR | 170 | 150 | 110 | 1200 |
| [illegible] | 232 | 232 | 252 | 15500 |
| [illegible] | 55 | 55 | 52 | 41100 |
| [illegible] | 62 | 62 | 58 | 5700 |
| [illegible] | 112 | 130 | 108 | 38200 |
| [illegible] | 330 | 3C0 | 330 | 4200 |
| [illegible] | 340 | 340 | 300 | 100 |
| [illegible] | 250 | ... | ... | 0 |
| [illegible] | 240 | 2C0 | 235 | 3800 |
| [illegible] | 266 | ... | ... | 0 |
| [illegible] | 132 | 136 | 135 | 54800 |
| [illegible] | 120 | 125 | 120 | 1600 |
| [illegible] | 115 | 115 | 113 | 8200 |
| [illegible] | 123 | 125 | 122 | 2C200 |
| 5-4.51 PR | 43 | ... | ... | 0 |
| 12% CONV PR | 95 | 95 | 95 | 1100 |
| [illegible] BANKING GROUP | 165 | 278 | 261 | 23700 |
| [illegible] | 250 | ... | ... | 0 |
| "B" 4-7.3% PR | 80 | ... | ... | 0 |
| "B" 5-6% PR | 80 | ... | ... | 0 |
| [illegible] | 2C5 | 245 | 245 | 3400 |
| [illegible] | 50 | 50 | 30 | 21000 |
| [illegible] | 300 | 300 | 500 | 100 |
| [illegible] CABLES | 595 | 195 | 195 | 2100 |
| [illegible], 50C | 31 | 31 | 30 | 55500 |
| 10% CONV PR | 31 | 31 | 30 | 3700 |
| [illegible] | 500 | 500 | C60 | 7850 |
| [illegible],50C | 255 | 213 | 215 | 15400 |
| 10% CONV PR | 260 | ... | ... | 0 |
| 14% CONV NTS | 150 | 155 | 150 | 4200 |
| CONV NTE '84 | 150 | ... | ... | 0 |
| [illegible] | 270 | ... | ... | 0 |
| AUTOCRAT HOLDS | 160 | 160 | 160 | 5500 |
| [illegible],50C | 70 | 50 | 65 | 2800 |
| [illegible],50C | 90 | 92 | 88 | 97600 |
| 11% CONV PR | 73 | 55 | 53 | 1200 |
| [illegible] | 410 | ... | ... | 0 |
| [illegible] PETR.,50C | 330 | ... | ... | 0 |
| [illegible] HAIRIR, 50C | 80 | 80 | 80 | 9200 |
| [illegible] FINANCE | 315 | 315 | 310 | 9400 |
| [illegible]VALE,50C | 200 | 200 | 200 | 800 |
| [illegible]VALE MINING | 110 | 170 | 150 | 211500 |
| [illegible], 50C | 400 | 500 | 45E | 42810 |
| 12.5% SPEC PR | ... | ... | ... | 0 |
| [illegible], 50C | 60 | 60 | 60 | 4400 |
| [illegible], 500C | 2300 | 2350 | 2300 | 2010 |
| [illegible], 50C | 65 | 65 | 65 | 900 |
| [illegible],50C | 110 | 115 | 110 | 54600 |
| [illegible] CAT.,50C | 160 | ... | ... | 0 |
| [illegible] | 243 | 245 | 240 | 15300 |
| "A" PR | ... | ... | ... | 0 |
| "B" PR | ... | ... | ... | 0 |
| 10% CONV PR | 215 | 245 | 215 | 5000 |
| [illegible] | 213 | 215 | 215 | 4300 |
| 11% CONV PR | 120 | 150 | 170 | 300 |
| [illegible] | 280 | 280 | 250 | 347150 |
| 11% CONV PR | 170 | 170 | 120 | 300 |
| [illegible] | 230 | 250 | 250 | 232000 |
| [illegible] FLOUR | 720 | ... | ... | 0 |
| [illegible] | 355 | 350 | 355 | 16200 |
| 12% CONV PEB | 335 | 540 | 335 | 1900 |
| [illegible] RADIO, 25C | 130 | ... | ... | 0 |
| [illegible] LIFE,50C | 70 | 20 | 20 | 1400 |
| [illegible] ICE | 280 | ... | ... | 0 |
| [illegible] HOLT | 300 | 395 | 590 | 14700 |
| [illegible] | 208 | 250 | 205 | 20200 |
| 12% CONV PR | 505 | 105 | 105 | 200 |
| 10% PR 16% | 98 | 98 | 98 | 91300 |
| [illegible] | 435 | 438 | 425 | 111200 |
| 14% CON PAST | 400 | 400 | 400 | 8150 |
| [illegible] | 185 | 185 | 180 | 2100 |
| [illegible] | 210 | ... | ... | 0 |
| [illegible] PRESS | 330 | 330 | 320 | 13000 |
| [illegible] REALTIES,50C | 35 | 35 | 33 | 52000 |
| [illegible] GROUP | 105 | 105 | 105 | 7400 |
| 12% CONV PB | 03 | ... | ... | 0 |
| [illegible]WOOD, 50C | 38 | 38 | 38 | 300 |
| 13% CONV PR | 38 | ... | ... | 0 |
| [illegible] MOTOR | 220 | 220 | 215 | 1100 |
| CON NTS 10% | 135 | ... | ... | 0 |
| [illegible] | 112 | 112 | 112 | 1900 |
| [illegible],50C | 640 | 6C0 | 650 | 400 |
| [illegible] | 550 | 150 | 150 | 2600 |
| [illegible] FINANCE | 230 | 234 | 228 | 10300 |
| [illegible] METAL,50C | 170 | 120 | 110 | 300 |
| [illegible] SILVER,4C | 20 | 25 | 20 | 28300 |
| [illegible] WINE | 143 | 143 | 140 | 5390 |
| [illegible]-WRIGHT | 135 | 135 | 125 | 3800 |
| 12% CONV PB | 110 | 110 | 110 | 200 |
| 14.25% CONV PB | ... | ... | ... | 0 |
| CROWN CONSOLIDATED | 225 | 225 | 213 | 45200 |
| 11% CONV PB | 100 | ... | ... | 0 |
| [illegible] | 1050 | ... | ... | 0 |
| [illegible],50C | 200 | ... | ... | 0 |
| [illegible] | 275 | 225 | 260 | 13500 |
| [illegible] & KING,50C | 68 | 70 | 68 | 15200 |
| [illegible] | 525 | 125 | 125 | 500 |
| [illegible] | 230 | 230 | 220 | 58200 |
| 12% CONV PR | 165 | 165 | 565 | 900 |
| [illegible] & PAULGER | 590 | 100 | 185 | 4000 |
| [illegible] WALLACE,50C | 115 | 130 | 111 | 45100 |
| 15% CONV NTS '10 | ... | ... | ... | 0 |
| 11% NTS '82 | 78 | 80 | 56 | 2400 |
| 5% CONV NTS | 112 | 112 | 112 | 4300 |
| [illegible] | 68 | ... | ... | 0 |
| [illegible] PROV.,50C | 98 | 109 | 05 | 191000 |
| 11% CONV PR | 59 | 80 | 51 | 4500 |
| [illegible] | 275 | 280 | 250 | 4100 |
| 12% CONV PR | 320 | ... | ... | 0 |
| [illegible],50C | 00 | 90 | 90 | 3500 |
| DUNLOP (NZ) | 350 | 350 | 350 | 5500 |
| 4.5% PR | 45 | ... | ... | 0 |
| [illegible] | | | | |
| [illegible],50C | 120 | 120 | 120 | 1000 |
| [illegible],5C | 102 | 102 | 100 | 8800 |
| [illegible] PINS,50C | 270 | 270 | 270 | 27100 |
| [illegible] | 20 | 20 | 20 | 14000 |
| [illegible] | 155 | 576 | 135 | 1200 |
| [illegible] PREF NT | 155 | ... | ... | 0 |
| [illegible],50C | 90 | ... | ... | 0 |
| 11% CONV PR | 154 | 550 | 513 | 29400 |
| [illegible],50C | 82 | 62 | 22 | 600 |
| [illegible],50C | 65 | 63 | 65 | 500 |
| 5% PR | 157 | 159 | 555 | 45100 |
| [illegible] NT | 41 | ... | ... | 0 |
| [illegible] & PATRIL | 125 | 530 | 123 | 1100 |
| [illegible] | 230 | 230 | 222 | 48200 |
| 15% CONV PR | 555 | 553 | 545 | 50250 |
| [illegible] CORP | 110 | 510 | 105 | 3200 |
| [illegible], 50C | 130 | 532 | 530 | 1100 |
| 10% CONV PR | 170 | 522 | 120 | 105400 |
| [illegible] | 117 | ... | ... | 0 |
| 11.5% CONV PR | 60 | 80 | 55 | 10800 |
| [illegible] FINANCE | 63 | ... | ... | 0 |
| [illegible] | 200 | ... | ... | 0 |
| [illegible] COLES,50C | 130 | ... | ... | 0 |
| [illegible] BAY,50C | 277 | ... | ... | 0 |
| | 49 | 49 | 48 | 57000 |

| | Last sale | Week's high | Week's low | Turnover |
|---|---|---|---|---|
| GOODMAN GROUP | 330 | 331 | 330 | 103800 |
| 10% CONV PR | 253 | 235 | 235 | 25600 |
| GROSVENOR PROPS, 25C | 60 | 60 | 60 | 1100 |
| HALLENSTEIN | 550 | 250 | 245 | 6300 |
| HAURAKI ENTERPRISES,25C | 131 | 1C0 | 137 | 5200 |
| HAWKINS,50C | 62 | 63 | 58 | 8200 |
| 6.2% PR | ... | ... | ... | 0 |
| N.D. FARMERS | 286 | 266 | 283 | 4400 |
| 12% CONV PR | 205 | 205 | 205 | 600 |
| HAYNRIENTS 5 PREF | 63 | ... | ... | 0 |
| HEALINE | 285 | 305 | 285 | 8900 |
| 10% DEF | ... | ... | ... | 0 |
| 12% CONV PR | 305 | ... | ... | 0 |
| H.POLLARD | 340 | 345 | 335 | 2800 |
| 10% CONV PR | 220 | ... | ... | 0 |
| HENRY BERRY,50C | 162 | 168 | 167 | 4300 |
| 10% DEBS | 233 | ... | ... | 0 |
| HOOKER,50C | 73 | ... | ... | 0 |
| HUME INDUSTRIES | 108 | 108 | 108 | 12500 |
| 5-1.5% PI PR | 40 | ... | ... | 0 |
| 10% CONV DEBS | 155 | ... | ... | 0 |
| I.C.I.(AUST) | 155 | ... | ... | 0 |
| I.C.I.(NZ) | 208 | 208 | 208 | 2800 |
| IND BROADCASTING | 115 | ... | ... | 0 |
| INDEPENDENT NEWS | 164 | 164 | 163 | 24600 |
| INP.CHEM,50C | 170 | 170 | 150 | 2200 |
| INTERTASMAN NZ,50C | ... | ... | ... | 0 |
| I.V.RON,50C | 275 | 280 | 275 | 1300 |
| JAMES AVIATION | 325 | ... | ... | 0 |
| JAMES SMITH 50C | 83 | 85 | 85 | 4400 |
| 10% CONV PR | 55 | ... | ... | 0 |
| J.F. WATSON | 380 | ... | ... | 0 |
| 15% CONV PR | 203 | ... | ... | 0 |
| J.BURNS | 105 | 105 | 102 | 8000 |
| 12% CONV PR | 190 | ... | ... | 0 |
| JOHN FRROND | 200 | 500 | 190 | 1600 |
| J.WEBSTER 50C | 60 | 60 | 50 | 1000 |
| 12% CONV PR | 40 | 40 | 40 | 200 |
| J.MERCER INVS., 200C | 70 | ... | ... | 0 |
| 5.25-6.25% PR | ... | ... | ... | 0 |
| J.WATTAN | 120 | 120 | 120 | 2500 |
| 6.3% PR | 113 | ... | ... | 0 |
| 11% CONV DEBS | 1CC | ... | ... | 0 |
| J.RETTRAT | 185 | 166 | 163 | 1000 |
| 12.5% CONV PR | 130 | 130 | 130 | 200 |
| KEARNS-DATINA, 200C | 210 | ... | ... | 0 |
| L.W.RUDKIN,50C | 119 | 119 | 115 | 20000 |
| 12% CONV PR | 65 | 65 | 65 | 9300 |
| LANES,50C | 50 | 50 | 50 | 1700 |
| L.D.NATHAN | 205 | 214 | 203 | 51000 |
| 9.5% CONV DEBS | 180 | ... | ... | 0 |
| CONV PR | 100 | 190 | 190 | 2100 |
| LEYLAND,50C | 125 | ... | ... | 0 |
| LION, 50C | 126 | 133 | 125 | 53100 |
| 10% CONV PR | 110 | 110 | 108 | 0100 |
| 12% CONV PR | 99 | 99 | 95 | 5200 |
| L.&N.OIL,50C | 41 | 41 | 36 | 54500 |
| LUSTEROID | 200 | 200 | 195 | 2300 |
| MAINLEAL CORP,50C | 140 | 141 | 145 | 1100 |
| 15% CONV PR | 72 | ... | ... | 0 |
| MAIP,50C | 230 | 230 | 218 | C1300 |
| 11% CONV PR | 165 | ... | ... | 0 |
| MANAWATU,50C | 110 | ... | ... | 0 |
| MANTHEL | 165 | ... | ... | 0 |
| MARAC | 340 | 3C0 | 325 | 2C00 |
| MCELRINE,50C | 25 | 75 | 72 | 1800 |
| MCKECHNIE | 200 | 200 | 200 | 600 |
| MIPLAND | 220 | 220 | 220 | 42100 |
| 51% CONV PR | 185 | 165 | 180 | C200 |
| MIN.RESOURCES,20C | 100 | 100 | 100 | 30500 |
| M.O'BRIEN,50C | 50 | 20 | 70 | 8900 |
| 12% CONV PR | 5C | ... | ... | 0 |
| MONTANA,50C | 163 | 570 | 163 | 2500 |
| M-R.T.N. | 105 | 105 | 195 | 1200 |
| 11% CONV NTS | 150 | 150 | 150 | 700 |
| 13% CONV PR | 3 | ... | ... | 0 |
| MOTOR HOLDS.,50C | 150 | 160 | 15E | 4C000 |
| 12.5% PR | ... | ... | ... | 0 |
| MOTOR TRAD.,50C | 58 | 38 | 5C | 2C100 |
| 5-6% PR | 46 | ... | ... | 0 |
| 11.5% CONV PR | 50 | 50 | 50 | F20C |
| MRI CORPN,50C | 105 | 504 | 101 | 24500 |
| 12% CONV PR | 102 | 102 | 102 | 5500 |
| MT.COOK | 173 | 178 | 155 | 4400 |
| M.I.M.HOLDS.,50C | 706 | ... | ... | 0 |
| NAT.INSCE, 50C | 200 | 250 | 200 | 21000 |
| NATIONAL TRADING | ... | ... | ... | 0 |
| 8% PR | ... | ... | ... | 0 |
| NATLOR | 143 | ... | ... | 0 |
| 5% PR | ... | ... | ... | 0 |
| NEIL HOLDINGS, 50C | 46 | 48 | 45 | 71700 |
| N.Z.CEMENT | 105 | 105 | 103 | 19300 |
| N.Z.F.C.,50C | 152 | 152 | 112 | 10100 |
| 11% CONV PR | 92 | 92 | 92 | 100 |
| N.Z.FARM FERT. | 187 | 188 | 585 | 35000 |
| 12% CONV PR | 1C2 | 142 | 142 | 900 |
| 54% CONV PR | 140 | 1C0 | 135 | 3600 |
| N.Z.F.R. | 455 | 430 | 410 | 213800 |
| N.Z.I.G. | 350 | 370 | 350 | 200 |
| 5.5% PR | 40 | ... | ... | 0 |
| N.Z.I. | 256 | 216 | 252 | 40000 |
| 10% CONV PR | 180 | 180 | 513 | 4400 |
| N.Z.LAND,50C | 18 | 16 | 18 | 1000 |
| N.Z.LEATHERS | 52 | 60 | 50 | 25600 |
| N.Z.MOTOR BODIES | 83 | 85 | 85 | C000 |
| N.Z.M.C | 170 | 172 | 161 | 63000 |
| N.Z.NEWS | 200 | 200 | 105 | 16500 |
| N.Z.PETROL,50C | 730 | 730 | 730 | 2550 |
| N.Z.REFINING | 520 | 120 | 515 | 35400 |
| N.Z.STEEL | 200 | 200 | 502 | 18400 |
| N.Z.UNITED | 600 | 600 | 600 | 2000 |
| NIVEN INDUSTRIES | 105 | ... | ... | 0 |
| NUHAKA | 250 | 280 | 250 | 1300 |
| COLLINS, 50C | 100 | 100 | 05 | 103C00 |
| "A" 6% PR | 20 | ... | ... | 0 |
| 12.5% CONV PR | 70 | 50 | 63 | 2100 |
| "B" 15% CONV PR | 50 | 50 | 70 | 1300 |
| OPTICAL HOLDINGS, 50C | 60 | 60 | 60 | 15C00 |
| 12% CONV PR | 45 | ... | ... | 0 |
| OTAGO PRESS & PROD | 525 | 125 | 125 | 5800 |
| PAVROC HOLDINGS | 125 | 125 | 125 | 10300 |
| P.D.L.HOLDS,50C | 180 | 180 | 115 | 10100 |
| PERP.INVEST | 65 | ... | ... | 0 |
| PHILLIPPS & IMPEY,50C | 1C8 | 1C8 | 14E | 1100 |
| PRESTIGE,50C | 00 | 91 | 90 | 13000 |
| PRINT & PACKAGING | 215 | 217 | 215 | 7900 |
| 11.5% CONV PR | 190 | 190 | 190 | 200 |
| PROGRESSIVE | 42C | C50 | C50 | 32800 |
| 17% CONV PR | 800 | ... | ... | 0 |
| PROF.RECRUITER,50C | 18C | 160 | 125 | 3800 |
| PRUD.BUILDING | 110 | ... | ... | 0 |
| QUILL MORRIS,50C | 515 | 115 | 115 | 500 |
| 12% CONV PR | 100 | 100 | 100 | 200 |
| RADIO AVON, 25C | 130 | 150 | 170 | 200 |
| RADIO OTAGO | 130 | ... | ... | 0 |
| REGINA | 505 | ... | ... | 0 |
| R & W.HECLARY | 165 | 168 | 1P3 | 12300 |
| REID FARMERS | 280 | 280 | 280 | 200 |
| REPCOCN21,50C | 77 | 77 | 52 | 14900 |
| 50% CONV REPS | 92 | ... | ... | 0 |
| REVERTEX | 300 | ... | ... | 0 |
| REX CONSOL. | 252 | 252 | 2C5 | 9700 |
| CON PR | 135 | 135 | 135 | 3500 |

| | Last sale | Week's high | Week's low | Turnover |
|---|---|---|---|---|
| RHEEM,50C | 180 | 160 | 155 | 8000 |
| RICKSTAN,50C | 242 | ... | ... | 0 |
| ROTHMANS,50C | 516 | 117 | 155 | 10600 |
| H.M.SAUNDERS | 320 | ... | ... | 0 |
| SALMOND | 505 | 105 | 105 | 2500 |
| SANFORD | 235 | ... | ... | 0 |
| PR | 135 | ... | ... | 0 |
| 12% CONV PR | 250 | 250 | 250 | 1600 |
| 12% "B" CONV PR | 235 | ... | ... | 0 |
| SCHOFIELD | 135 | 135 | 135 | 1000 |
| SCOTT,50C | 58 | 7F | 5E | 22100 |
| 12.3% CONV PR | 55 | ... | ... | 0 |
| SELBY | 735 | ... | ... | 0 |
| SKELLERUP,50C | 305 | 310 | 305 | 2800 |
| 5-7.5% PR | 56 | ... | ... | 0 |
| SMITH BIOLAB,50C | 165 | 165 | 163 | 6500 |
| 12% CONV PR | 135 | 535 | 535 | 10000 |
| SMITHS C.P. | 145 | 145 | 144 | 1100 |
| STH. BRITISH | 294 | 291 | 202 | 73600 |
| STHN. CROSS HOTEL | 150 | 150 | 150 | 1300 |
| STHN CROSS MINS.,20C | 75 | E0 | 74 | 221500 |
| S.F.P. | 212 | 212 | 200 | 25500 |
| SPEDDING, 50C | 60 | 60 | 80 | 4500 |
| 52% CONV PR | 70 | 10 | 70 | 1400 |
| STEEL & TUBE, 50C | 112 | 1C5 | 112 | 12100 |
| SUCKLING | 165 | 165 | 165 | 1090 |
| TASMAN, 50C | 505 | 503 | 490 | 28950 |
| RED PR | ... | ... | ... | 0 |
| PART PR | ... | ... | ... | 0 |
| TAYLORS | 125 | ... | ... | 0 |
| 12% CONV PR | 115 | 115 | 115 | 100 |
| TELTHERM | 135 | 140 | 135 | 2900 |
| 12% CONV PR | 122 | ... | ... | 0 |
| T J LOMOFOS | 345 | 345 | 335 | 2000 |
| TOLLEY | 130 | 130 | 125 | 41000 |
| TOUR ITJT | 35 | ... | ... | 0 |
| TRANS ASHBURTON, 50C | 50 | ... | ... | 0 |
| TNL GROUP, 50C | 03 | 94 | 03 | 89200 |
| 10% CONV PR | 76 | 56 | 76 | 600 |
| 17% CONV PR | 15 | 76 | 75 | 1400 |
| TRANS (NTH. TARI.) | 103 | ... | ... | 0 |
| 13.5% CONV PR | 90 | 90 | 90 | 500 |
| 15% CONV PR | 09 | ... | ... | 0 |
| U.B.C. | 147 | ... | ... | 0 |
| U.E.B.,50C | 105 | 105 | 104 | 74400 |
| 6.5-7.5% PR | 115 | ... | ... | 0 |
| 12% CONV PR | 67 | F7 | 87 | 6600 |
| 15% CONV PR | 59 | 59 | 34 | 6200 |
| UNITED STEAM SHIP | 82 | ... | ... | 0 |
| 5.5% PR | 78 | ... | ... | 0 |
| UNITED BLDG | 100 | ... | ... | 0 |
| UNITED PUBLISHING,50C | 255 | ... | ... | 0 |
| VACATION,50C | 62 | 62 | 60 | 20500 |
| 12% CONV PR | 50 | 50 | 50 | 400 |
| 17.5% CONV PR | 51 | ... | ... | 0 |
| WAITAKI-NZR | 219 | 210 | 21F | 116900 |
| 51.3% CONV PR | 170 | 111 | 142 | 25E00 |
| 55% DEBS | 165 | ... | ... | 0 |
| WALTER & CRILL | C5C | ... | ... | 0 |
| WATTIE,50C | 136 | 139 | 132 | 224100 |
| 12.5% CONV PR | 65 | 83 | 65 | 3200 |
| WELGAS | 450 | 450 | 450 | 300 |
| WESTBRIDGE | 360 | 360 | 220 | 17260 |
| WILKINS & DAVIES | 210 | 210 | 210 | 500 |
| 5.55-5.5% PR | 50 | ... | ... | 0 |
| W.JEFFERY | 150 | ... | ... | 0 |
| 12% CONV PR | 115 | ... | ... | 0 |
| WILSON & HORTON | 380 | 360 | 360 | 2000 |
| WILSON DISTILLERS | 90 | 90 | 90 | 3000 |
| WILSON NEILL | 125 | 125 | 325 | 45100 |
| 12% CONV PR | 160 | ... | ... | 0 |
| WINSTONE,50C | 29 | F9 | 87 | 132100 |
| 17% CONV PR | 80 | 60 | 60 | 200 |
| WRIGHTS (NZ) PROPS, 50C | 72 | ... | ... | 0 |
| 5.55% PR | 22 | ... | ... | 0 |
| WRIGHTS INST, 50C | 245 | ... | ... | 0 |
| WORMALD | 275 | 255 | 275 | 1200 |
| 5-5.5% PR | 100 | ... | ... | 0 |
| W.R.CARPENTER,50C | 246 | ... | ... | 0 |
| W.SUTHERLAND | 130 | ... | ... | 0 |
| YATES CORP | 300 | 500 | 700 | 21000 |
| CONV PR | 140 | 150 | 140 | 1000 |


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# Captive consumers turning off at high prices

THE wine industry, according to the IDC, is worthy of special encouragement. It employs some 3000 people, it turns out a product with 85 per cent domestic content thus serving to save foreign exchange through import substitution.

But development of the industry to its full potential will be curtailed by consumer resistance to the high price of wine the IDC reports.

The IDC's development plan is designed to contain costs through increased competition in the domestic marketplace and from imports.

The aim is to ensure future growth of the wine industry, enhance its export competiveness, and benefit the consumer.

Grapes and other materials make up obout 70 per cent of the total cost of producing wine. The cost per tonne of grapes from vineyards owned by winemakers has increased from $162 in 1975 to $200 in 1979, and from contract growers, from $190 to $305 in the same period.

The price of grape growing land increased at the rate of 19.55 per cent a year over the past seven years. The increase for other farmland was between 15.5 and 16.5 per cent a year.

Wine produced per tonne of grapes in 1979 was 1120 litres. The Wine Institute's forecast for 1986 is for only 700 litres per tonne.

The IDC report said, "it must be hoped that this has a statistical reconciliation and is not the measure of amelioration in 1979".

(The IDC was obviously referring, tongue in cheek, to the past practice of winemakers to substitute tap water and sugar for expensive, short supplies of grape juice).

The IDC said the industry "has had a growth in the market reserved for it by the high level of protective assistance afforded through high tariffs and tight import licensing policies and therefore its problems have been those of production rather thon marketing.

"It has had an environment which has engendered a cost-plus attitude to escallating costs of grapes, packaging materials and post-winery distribution, to a point where consumer resistance to price shows incipient signs of developing into a major constraint upon consumption of 16 litres per head which is the institute's own goal."

Protectionism, the cost-plus attitude, and the ability to sell wine at high prices to a domestic captive consumer, might explain the wine industry's poor export performance, the report said.

The wine industry has yet to make a serious effort to export the white "German type" table wines which are considered the industry's forte in the international market.

High grape prices, protected by import restrictions on wine and grape juice, and the high cost of grapegrowing land, may be an undesirable distortion in the total economy, the IDC pointed out. This distortion, the IDC said, may not be in the national interest.

To inject an element of competition and market force price regularion into the grape growing industry the IDC recommended easing the total ban on importation of foreign grape juice concentrate. The IDC made clear it did not want to encourage wine-making from grape concentrate and tap water.

The IDC felt it was better to import grape concentrate than to import finished wines in times of local shortfall.

The high cost of domestic bottles and cartons has disadvantaged the local wine industry in competition with imported wines, and on the export market.

The IDC recommended that the cost containment provisions outlined in the 1979 Budget be invoked to give wine makers access to import glass, plastic, and cartons, when the local price for these products wos "manifestly excessive".

The point at which wine is taxed discourages the marketing of bener quality wine.

The sales tax is imposed on the hotel price which meons it is levied on the wine, the bottle, the seal and cork, transportation, packaging, and on o 17.6 per cent merchant's mark-up

A bottle of wine worth $1 goes to the merchants warehouse and gets a 17.6 per cent mark-up. A 20 per cent sales tax is imposed on the "hotel price". A 22.5 per cent mark-up is placed on the wine, bottle, carton, and tax to make the private trade price. And a mark-up of 40 per cent is then put on before the wine is sold to the retail consumer.

The value of the actual wine in the bottle becomes almost irrelevont in this whole exercise.

The IDC recommended replacing the sales tax with a 40c a litre tax on wine.

The IDC pointed out that of very $1 spent at the wineshop, only 13c goes to poy for the wine.

If the wine maker was to be asked to cut costs then so must others, the IDC said.

The IDC describes the distribution system as "o select group of licence holders – manufocturers, merchants and resellers – a highly cartelised group characterised by their oligopolistic influence in the market".

The IDC called for a greater measure of competition; supermarket wine sales, abolition of winemakers licences, abolition of the restriction on wine resellers to sell imported wines and other measures which would severely curtail protection of the "fat profits for the few" combine that has dominated the country's liquor distribution system.

But this powerful lobby group wanted higher duties on low-priced imported wine. Prices for imported wine have escalated faster than prices for imported wines.

The Wine Institute asked the IDC and the Government to force the coosumer to buy the expensive local product by either restricting import licenses or pricing imports out of the market with high duties.

The Wine Institute is particularly worried about the Australians who have been producing fine wines at low prices with which the local industry would be hard pressed to compete in a free market situation.

The Wine Institute asked the IDC to recommend a $1.50 duty on any Australian wine with a value up to $2.00 and a duty of 75c on Australian wines with a cif value of over $5.50.

The Australian Wine Board told the IDC that the high cost of trans-Tasman shipping already protected the local wine industry without the imposition of additional tariffs.

The Wholesale Wine and Spirits Merchants Federation asked the IDC to recommend more competition from imports, particularly in the better quality wines.

The IDC opted to reduce the duty on lower priced wine and increase duty on higher priced imports to force the wine industry to improve the quality of its product.

The IDC's plan for the wine industry's future is gradualist in the extreme; no immediate shocks for vested interests, or threat of killing "ao efficient industry".

Step one: to "identify areas to be given different treatment". This includes handouts from the Govemment to sweeten the bitter pill.

Step two: to establish tariffs at protective levels – 20 per cent *ad valorum* for all wine (except Australian which will be charged the preferential rate of 10 per cent), plus $2 a litre. This duty is higher than the full retail price of fine Australian wines in Australia.

Step three: to reduce the cost disadvantages of inputs into the growth area. This may mean some hardship for companies like AHI and UEB who supply the bottles and packaging.

Step four: to provide special incentives and assistance for the growth area. This means more handouts for the wine industry, replacement of sales tax by 40 cents o litre tax on wine, a 40 per cent investment allowance on new wine plant and machinery, and amendment of legislation to allow wine to be sold in supermarkets and groceries.

Step five: to liberalise imports of wine after a two year adjustment period for the wine industry to get used to the idea of hoving to compete.

The plan is to shift very gradually from import licensing to a quota system. Present import licence holders will initially get the quotas. Then some quotas will be given to newcomers like supermarkets. Unlike the present import licensing system the quota system will allow additional imports, albeit at restrictive tariff levels.

Throughout its report the IDC gave rational economic reasons for considering consumer interests.

In its final plan consumer interests took a seat way back from vested ioterest in the wine iodustry.

Ecooomic considerations do not appear to have been paramount in the report to the same degree as they were on the IDC's report on clothing and textiles.

The tenor of the IDC's rationale appears to have been tempered with a wary eye fixed on its political employers.

But it cast one final caveat in front of the wine industry: "The success of the plan should and will be measured by the extent to which its intention is accepted and implemented by the industry, not by the capacity of the industry to frustrate it."






# Fast-food franchisees locked in legal bunfight

by Lindsey Dawson

FAST-food franchise operator, Uncles Foodbars NZ Ltd, is locked in a legal bunfight with some of its franchisees to keep the Uncles name on the hamburger outlets and royalties flowing into the company coffers.

There have been three years of wrangling between the company and some of its franchise-holders. It began in 1977 when 13 people running Uncles' takeaway bars pulled out of the group to go their own way. Most have either sold out or returned reluctantly to the fold since then but a few are still waiting for court hearings.

One has been told that unless settlement negotiations make substantial progress a motion for writ of attachment will be heard on December 12.

Uncles' recent history has been fraught with problems. Angry owners told *NBR* that they have lost a lot of money in operating their businesses.

Some have gone out of business with heavy losses. Others have complained that the restrictions of their licence agreements with Uncles have been so tight that they have been unable to make any changes to the layout or menu of their shops and have lost the chance to increase profits.

Those who have wanted to pull out have had to change everything about their premises so as not to infringe Uncles' copyright on their store design.

Two franchise-holders had injunctions served on them to prevent them selling their food bars, operating their businesses in any way other than as laid down in their licence agreements, or from operating under any name other than Uncles'.

Peter Fraser, who owns the Highbury Uncles', is one of those who refuses to agree to the term for settlement. He has been operating under the injunction since 1977 and says that to sell out under Uncles' terms would cost him $30,000.

Uncles' managing director David Pountney said that legal proceedings were still under way with two or three franchise holders. Pountney said that 27 Uncles' food bars were operating around Auckland and that more are being built.

The business was running successfully, he said. Competition was not worrying the group unduly. He regarded the challenge from other fast-food outlets such as Kentucky Fried Chicken as complementary to Uncles' type of hamburger operation.

Uncles' has been in operation since November 1973. Before that it was known as Big Boy Systems (NZ) Ltd. In December 1979 its shareholders were listed as Pountney and solicitor Harold Kidd.

Fraser says that even if he was free to sell his store he would be hard-pressed to do so as the licence agreement comes up for its 10 yearly renewal in two years. This will cost the new owner $5000 or one-tenth of the gross sales at the shop in the preceding 12 months, whichever is the greater. He claims he was not told of this renewal fee until after he had signed up. Other "rebel" franchise-holders told *NBR* the same thing.

Some claim they are not receiving the "buying advantages" that Uncles' said it would do its best to obtain when they joined up. Pountney denies this.

Fraser has applied for legal aid to continue his efforts to have the injunction lifted and to be able to trade more freely in a manner which he believes would give him a greater return on his $25,500 investment.

He has made complaints to the Examiner of Commercial Practices, but has been told that the matter "appears to be a commercial dispute arising from the interpretation of a contract between the parties concerned" and the office had no power to intervene in such matters.

Former rebels who have settled with Uncles' told *NBR* that the settlement was expensive but that they could not afford to continue legal action. Some, who have not been paying royalties for three years in protest against their grievances, are now having to find large sums. One said it has cost him $15,000 excluding legal fees.

Pountney said he was pleased that settlement had been reached with most of Uncles' franchise-holders, but that it would not be proper for him to comment on outstanding legal matters or individual claims about Uncles' operations.

He said that the licence agreements were properly drawn up and that all the franchise-holders signed them in their own lawyer's offices after due consultation.

He said that such problems were not unique to Uncles' and said it was "human nature" for such disputes to arise in group situations. He said that he had been told that KFC and McDonald's had been involved in disputes between head offices and owner-operators in the United States.

## Competition?

QANTAS may soon have its own home-grown competitor.

A hint was given by Australia's Transport Minister Ralph Hunt in a paper on the economic development of Australia delivered in Sydney. He told the conference that the Australian Government next year would review the policy whereby Qantas is the sole Australian airline authorised to operate internationally.

"Australia's two mojor airlines (Ansett and TAA) ore keen to mount services on overseas routes in their own right," he said.

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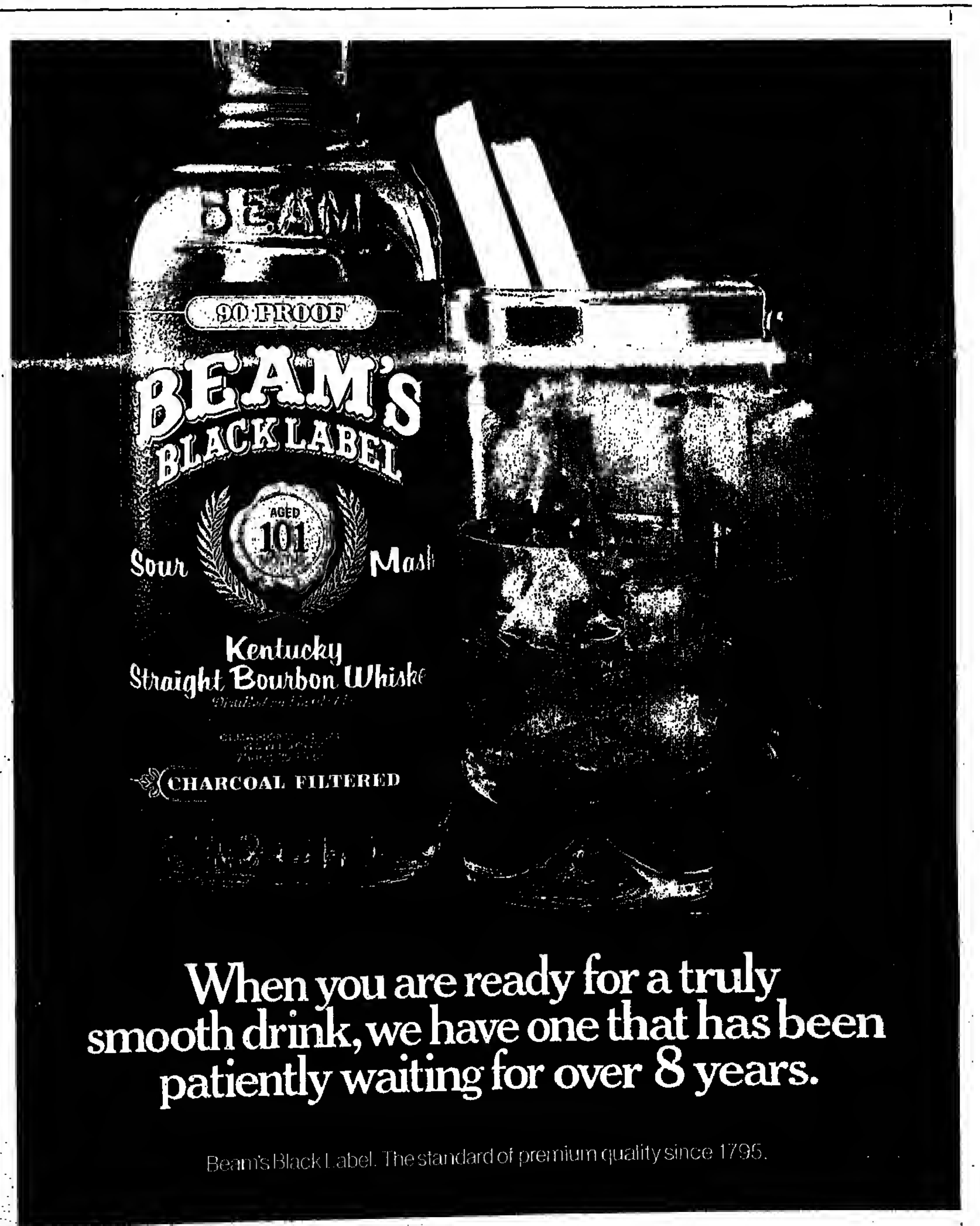

# Feltex takes the double

by Grev Wiggs

FELTEX New Zealand struck the marketing double by winning two coveted awards for marketing performance this year.

The Mobil Export Award was won by Roger Green of Feltex furnishing group, export division. The Sales and Marketing Executives Institute (SMEI) Marketing Award of the Year went to Feltex Yarns, for its *Ravelotions* programme. (*NBR* August 25).

The products of Feltex Yarns serve as the raw materials for the knitting industry. In mid-1979 the company faced an industry sales decline, the threat of reduced Government support and the possibility of increased imports.

It responded with a marketing effort that took the company from the lowly position of an order-taker to one of a co-operating partner in the industry.

Feltex did this by developing a completely new sales catalogue showing yarns, colours, knitting samples and fashion applications. It set a new level of sophistication for the industry, and elevated the product line from the category of a raw material to that of a fashion component.

The concept was devised by Mackay King Advertising Agency which worked closely with the client in developing marketing strategy.

Results exceeded the targets set and the same approach carried through in the export field developed overseas orders from a zero base to a million dollar business.

In presenting the award to Feltex Yarns manager, Bill Leigh, the vice president of SMEI for the Pacific Region, John Morrison, said that the judging was considered under specific headings, including success and results, originality and innovation, marketing application and contribution, personal effort and involvement and methodology.

"Under the heading of originality and innovation the winner stood out in terms of management and organisational ability," he said.

The Mobil Export Award is made to an individual for marketing achievement in the export field.

The entry submitted by Roger Green dealt with the decision made by Feltex Furnishing Group to attack the United States carpet-market and establish market leadership in its selected segment. The key to the ultimate success of the operation was undoubtedly the selection of the right segment in which to compete.

By local standards the United States market is vast and constitutes a $4.5 billion industry. Initially, Feltex isolated three possible areas for examination: area rugs, the retail market for domestic carpets, and the "hospitality contract" area which seems to be the American trade jargon for custom-made carpeting for the hotel industry.

This last was the market segment chosen for development and the reasons were solid.

Feltex had a proven track record in the international field. Competition in this area came very largely from other importers who would face the same problems. It was high dollar volume business. As the demand was largely for woven wool, Feltex could match it with the requisite manufacturing skills. Because of the custom-made nature of the market, Feltex would initially be selling a manufacturing capability rather than an actual product.

Marketing was carried out on a person-to-person basis on key clients with the support of sales brochures and a range of colour tufts.

Early sales were based on custom projects and later, following market research, a stock range was successfully styled for the United States market.

In the first two years Feltex doubled its turnover and looks like repeating that performance in the 1980-81 year.

The wool processed into carpet earns six or seven times the amount of overseas exchange as the same quantity exported as raw wool.

Within the next three years Feltex expect to achieve its goal as market leader in its segment of the market.

It will then look for further growth opportunities by marketing other compatible products through current channels and attacking other market segments.

*Admark* asked Feltex chief executive Harold Titter if these two awards were the result of a new emphasis on marketing by his organisation.

"We have been building marketing executives into our organisation," said Titter, "to achieve a better balance with the financial and production strengths we already have.

"We are now seeing the result in our marketing efforts, particularly in export.

"Exports from our company, which were up 86 per cent last year, show an increase of 40 per cent this year for the first quarter. Carpets, where Roger Green's marketing success has been recorded, are ahead 63 per cent on last year.

"With the *Ravelations* programme, again in the export area, we have some handsome worsted yarn orders from Australia and elsewhere.

"These two successes result from a very positive policy on marketing for export."

# Expats paper sits vac drop

by Warren Berryman

*NEW Zealand News UK* — a 10,000 circulation giveaway tabloid catering to expatriate Kiwis living in Britain and prospective British immigrants to Godzone — has suffered a drop in new British subscribers.

Three months ago subscriptions were coming in at the rate of 60 a week — now they are down to two or three.

The dramatic drop followed the New Zealand High Commission's decision not to include *New Zealand News UK*'s brochure in its information pack to British people inquiring about emigrating here.

Prime Minister Rob Muldoon and Labour Minister Jim Bolger have made it plain they do not see *New Zealand News UK* as their favourite newspaper. But the publication provides a valuable service to New Zealand industry and the Government, director Derek Smail insists.

Smail, the son of the paper's owner (who is an expatriate New Zealander) has been here trying to sort things out with the Government and sell situations vacant advertising.

Smail said the paper, in existence since 1927, provided prospective immigrants with information about New Zealand and up-to-date data on job opportunities. This service lightened the load on the high commission, he said.

The paper's advantage in the market is price. A 12-month subscription to the *New Zealand Herald* delivered to London costs £175.

Subscribing Britishers pay £11 a year for *New Zealand News UK* and Kiwis get it free.

New Zealand companies advertising have situations vacant pay $5 a column cm for ads, which buys access to select target audience.

Since the Government lifted the shroud of secrecy from the occupational priority list, the paper has published the list which at least tells prospective British immigrants who need not apply — without time consuming reference to the high commission.

Smail pointed out that because of the new energy development projects here, his paper might lure Kiwis back from abroad.

The November 13 issue of *New Zealand News UK* carried only two situations vacant ads for jobs. This worries Smail.

"If we don't get the situations vacant ads we will lose our British subscribers," he said.

So Smail toured industry here for advertisers and a local agent.

The high commission in London processes some 600 inquiries a week. Each gets a packet of information on New Zealand.


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☐ I/We enclose $5.00 per copy plus 40 cents postage for ............ copy/ies of *The Computer Book*.

☐ I/We enclose $8.00 per copy post free for ............ copy/ies of *The Money Book*.

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Address ..................................................

..................................................

Occupation ..................................................

Signature ..................................................






# Can Fletcher (like Chrysler) be driven into open?

by Warren Berryman

THE giant Chrysler Corporation is going to the American Government for a multi-billion dollar bail-out guaranteed by taxpayers' money. And the American people are demanding the right to know what deals the Government is making with the auto giant.

An appeal court is deciding what part of the meetings between Chrysler and the Chrysler Loan Guarantee Board will be open to the public under the Sunshine Act.

Other information may be sought – and obtained – under the country's Freedom of Information Act.

Chrysler is trying to block public access to what it sees as private commercial information. But the fact that it is asking for what amounts to a handout from the public purse mitigates against its plea for secrecy.

Chances are good that the American people will demand and get information about whatever deals their Government makes and why.

In this country, Fletcher Holdings and the Government are striking a deal on an aluminium smelter with electrical power supplied by the publicly owned NZED.

Chances are good that the taxpayer and electricity user all wind up subsidising Fletcher's profits as they have subsidised a host of Fletcher projects in the past. These subsidies may be justified, but there is little hope of the taxpayer finding out how deeply Fletcher's private fingers are dipped into the public purse.

The Government may never be truly accountable for its aluminium smelter decision. The public, whose democratic task it is to judge the actions of its elected representatives, can not judge, because the information on which their judgment must be based has been kept secret.

Countless other instances contrast secretive, paternalistic government here with America's open system.

Behind America's Freedom of Information, Privacy, and Sunshine Acts lie three widely held assumptions:

- That Government and bureaucracy are employees of the people and are accountable to the people;
- That the public, given the information, is capable of judging its political and bureaucratic masters;
- That unless there are well established reasons for secrecy, the people have a right to know what their public employees are doing.

In this country every scrap of information gathered by bureaucrats at the public's expense is secret unless the Government decides otherwise.

**The public has no legally guaranteed right to know what its Government is doing.**

The citizen has only one legal right to hear what Government finds it politically convenient to tell.

The public does receive a lot of information that is politically inconvient. But the Government can legally cut off this information flow whenever the going gets too hot.

We have no constitutionally guaranteed freedom of the press. The journalist, playing out the democratic role of public watchdog, does so with a sword of Democles hanging over his head in the form of the Official Secrets Act.

Under this legislation the Government may prosecute any public servants who tell the press or public virtually anything about their job. Anyone receiving that information may be similarly prosecuted.

The information passed on may be trivial or it may endanger national security. The public servant telling a gossip columnist how many empty brandy bottles lay in the Prime Minister's rubbish bin last night could be prosecuted under the law in the same way as a Defence Department official who leaks military secrets.

**The Official Secrets Act provides Government with a convenient weapon to prosecute whomever it wishes, whenever it wishes. The only restraint on Government is public opinion.**

Perhaps the New Zealand public wants it that way.

There is ample evidence to suggest that New Zealanders do not share Americans assumptions regarding open government. There is a strong tendency in this country towards paternalism and an oft-articulated assumption that Government knows better what is good for the individual than the individual.

But the National Development Bill and aluminium smelter debate have resuscitated an old battle cry for the public's right to know, the repeal of the Official Secrets Act, and the adoption of American-style Freedom of Information and Privacy Acts.

Champions of open government for New Zealand cannot be lightly dismissed.

The group includes some of this country's best and brightest people. MPs Mike Minogue and Richard Prebble, economist Len Bayliss, the Law Society as a body and lawyers individually, past Ombudsman Sir Guy Powles, the Young Nationals, the Council for Civil Liberties, the Values Party, the United Nations Association of New Zealand, a host of newspaper editors, publishers, and others.

So far their calls for open government have brought no sunlight into the inner sanctums of public power.

Official secrecy bars scrutiny of a Government which spends more than half the Gross National Product, employs more than a quarter of the work force, and engages itself in commercial activities ranging from airlines and insurance companies to travel agencies and employment offices.

Meanwhile the Government's "Big Brother" role of public snooper into private lives has increased. Someone, somewhere, keeps a secret file on every one of us. The information in this file may be accurate. It may contain malicious gossip from your worst enemy.

The file can deny you credit, it can break your career but you will never be told why.

Government's only sop to open government advocates is the Danks Committee, a body made up mostly of senior civil servants established to look into official secrecy.

The committee has been looking into this matter for more than three years. It has yet to report.

Few, if any, expect the influential civil servants, with their "information is power" syndrome, to give up much of this power to the people that employ them.

As Mike Minogue put it in 1978, "we are asking people who would seem to have a vested interest in maintaining secrecy to suggest how, in fact, you can achieve more open government".

Three years later Minogue told a TVNZ reporter, that the Danks Committee was just another obstacle in the road to progress. "It is almost a national disease in New Zealand. If you want to evade an issue bury it. Form a committee. The longer the committee takes to deliberate, so much the better," he said.

Neither Opposition nor Government are likely to plump for open government. Labour can at least hope to be the Government some day. And why should it want its power to be circumscribed when National's was not?

The Official Secrets Act grants Government unbridled power. It ensures, for a three-year term at least, an elected dictatorship of the executive unchecked by Parliament or by informed public opinion. Thus the fight for an open democratic system will be between the citizens and their elected Government and the non-elected bureaucracy.

We have no home grown exemplar of open government to point to. Thus we must look abroad.

**We stand a good chance of remaining the last bastion of secret government in the Western world.**

Sweden has had open government for years. Most of Western Europe has freedom of information legislation. Canada is moving rapidly to copy much of the United States freedom of information law. Australia is following suit in a halting manner. Even Britain, obsessed with secrecy, has more open government than we have.

Yet New Zealand is ideally placed to be an exemplar of participatory democracy. These tiny islands in the South Pacific, with a population of only 3 million, could have the sort of participatory democracy not seen since the Greek city states.

The population is well-educated, obviating any justification of paternalism.

Advocates of change generally look to the United States for example.

The American Freedom of Information and Privacy Acts may not be adaptable to a Westminster-style of Government such as ours. But New Zealanders do look to America for an example.

In a series of articles to be run over future issues, *NBR* will consider the American Freedom of Information and Privacy Acts in theory and in practice and contrast the American system with our own.


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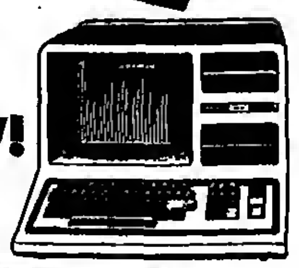

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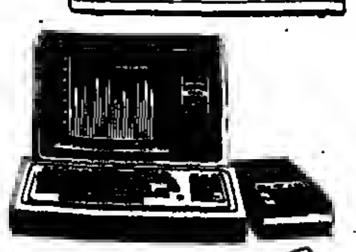

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*Overseas investment*

# Six proposals in pipeline for Saudi investment

by Rae Mazengarb

THE Saudi-New Zealand Capital Corporation – the $20 million joint venture involving Saudi Prince Nawaf Bin Abdul Aziz, the DFC and other New Zealand interests – is looking at six projects as potential areas for investment.

The board of directors will approve selected projects within three months, according to SNZCC general manager, Hendrik Prins.

The corporation is keeping details of the proposals quiet but it is understood applications for equity finance have come mainly from the upper North Island, particularly the Auckland area.

They range from forestry and fishing related proposals with export potential, to tourism, food processing, film making and the export of services.

It is likely that SNZCC will aim for the gap between strictly small business and large listed public companies.

Meanwhile the corporation has placed some $13.34 million in short-term securities pending disbursement.

Prins, on secondment to SNZCC from the DFC, said that was the amount of capital paid up so far and included over $6.6 million from the Prince.

DFC general manager John Hunn said the capital would be fully paid by the middle of next year.

Both declined to say exactly where the funds had been put, other than spread across a wide spectrum of investments, including shares and fixed interest securities.

One source suggested funds had been lately put with Challenge, Fletchers and Watties.

Hunn would not confirm this. But the business world noted a mystery buyer of more than one million Wattie shares after Goodman announced its offer for 19.9 per cent of the Hastings-based food group was closed.

The formation of the corporation was announced in April this year during a public relations job which left some members of the public feeling the country was being sold out the back door.

Prince Nawaf had been invited here by the Government last year, and the DFC was among various groups which were invited to put proposals to him.

The Saudis were impressed and at Easter this year, the heads of agreement for the formation of a company were signed in Los Angeles.

A 50-50 venture, the DFC took up 25 per cent of the sheres, leaving 25 per cent for local public companies.

The company opened for businesa in August-September, but so far the Goodman Group – with a 12.5 per cent share which is variable depending on the size of participation by other groups – is the only company to cement its involvement.

The group's representative, Pat *Goodman*, is a member of the six-man board.

Other members are DFC representatives John Mowbray and Sid Chatten; Pat Semuel (a former New Zealender, now Hong Kong-based deputy-chairman of the South Pacific Hotel Corporation); Sir Geoffrey Roberts and Auckland lawyer Robyn Congreave.

The last three are the Prince's representatives, Congreave ecting as alternate for the Prince who is unable to attend meny board meetings.

Prins said the corporation was still talking to other mejor companies with e view to their participation in the project, but he declined to name them.

They needed to be substantial shareholders which could meet a call for increased capital if, in the future, it was decided to increase the corporation's capital base, he said.

They would probably be a mix of companies involved in commercial or industrial development, he said.

Investments for the corporation will range between a minimum of $200,000 to $2 million according to SNZCC's set of investment guidelines, although Prins said they could go as high as $5 million.

Such modest investments – compared with the massive funding required for this country's proposed energy developments – suggests the corporation will not be contemplsting playing a role there, at least in the short-term.

Prins did not rule out the possibility in the long-term, however, and said "we've not yet taken a position on the smelter".

According to the guidelines, the primary form of investment would be through ordinary shares in applicant companies, but other forms of participation would be considered.

The corporation is prepared to consider:

- Participation in major new resource-based developments;
- Medium to large-size unlisted companies;
- Joint ventures;
- Associate companies of listed companies;
- Other projects with high growth potential.

SNZCC said its role would be to back management and the shareholders of growing companies. Its fundamental policy is to remain e minority shareholder and not interfere in the day-to-day running of the company.


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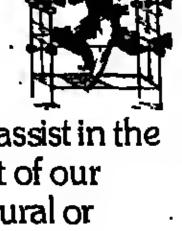

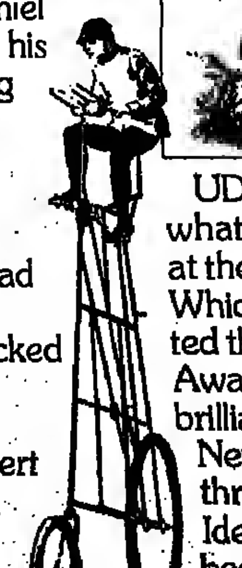


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*Regional development*

# Anti-smelter pledges pressuring marginal seats

by Rae Mezengarb

THE 10 most marginal seats around the country are at the centre of a fresh spurt of anti-smelter activity.

The Stop Second Smelter (SSS) group has launched campaigns in five of the electorates. Five more will be the target for political pressure after Christmas.

Groups in Horowhenua, Invercargill, Kapiti, Marlborough and New Plymouth are already collecting pledges from voters who have declared that the smelter issue is the key one on which they will vote in next year's general election.

Individually, those who have signed have declared that they are eligible to vote, intend to vote, and will not cast their votes for any political party which does not promise to repudiate any agreement reached on the sale of electricity for the smelter proposal.

All signatures carry the full name and address of the protester and the signature of a witness.

Groups are now forming in Eden, Hunua, Wellington Central, Miramar and Wairarapa to activate campaigns in the new year.

Wellington-based anti-smelter campaigner Erich Geiringer said last week that the idea of centring a campaign on the marginal seats was his, but once a group had been started in each area, he had little to do with it.

Geiringer printed the pledges and in some cases has met with area co-ordinators, "but I'm not telling them what to do," he said.

The National Party was committed to the smelter and had the task of persuading the people it was the right thing for New Zealand to do, Geiringer said. Labour had to make up its mind on the issue to prevent Social Credit walking in and taking those seats, he said.

All in all, it was a small effort, Geiringer conceded, but enough to make the point.

The main aim of the exercise is to keep the smelter debate alive, in spite of decisions already made and the agreement of intent to proceed with the smelter already signed. But Geiringer maintained it was "not too late to prevent the smelter".

SSS was just one group, an independent move to do something effective against the smelter, he said.

Geiringer said SSS had not linked up with other anti-smelter groups, such as the Coalition for Open Government, because SSS members came from a broad spectrum in their communities.

Some were not prepared to meet higher electricity charges; some were civil servants and might be opposed to the aims of COG; some were conservative – people who merely wanted to be able to go fishing on a Sunday afternoon; many had no previous party affiliations.

As one told Kapiti MP Barry Brill: "We are a diverse group of New Zealanders, of diverse political allegiances, united in one thing: our opposition to the second smelter."

In Kapiti, SSS has sent an open letter to the smelter consortium.

Writing on behalf of "concerned voters" in the area, local SSS secretary Ian Riggir said the group would work toward the election of a Government which would repudiate any agreement reached on the sale of electricity to the Fletcher-CSR-Alusuisse Aluminium smelter consortium.

"We do not think the next Government will consider itself bound by such an agreement . . ." he said.

He argued that:

- Such an agreement would deprive New Zealanders of sovereignty over an important natural resource through the life of several Parliaments;
- The Government had no mandate from the people to embark on such an undertaking;
- Parliament had not been allowed to scrutinise or debate the agreement;
- A lack of accurate and detailed information precluded meaningful debate;
- The use of the National Development Act largely abrogated the rights of citizens and the courts to participate in the shaping of the agreement.

Under-secretary to the Minister of Energy Barry Brill, replied that misunderstandings had clearly arisen within the group. He offered to meet with them "to discuss the arguments in more detail".

Brill said Riggir's thesis appeared to be built on the assumption that a future Government might repudiate any agreement reached with the consortium.

"I regard this assumption as highly improbable and unprecedented in the history of our country," he said.

He said the suggestion that natural resources might not be bound by contract for periods extending through the life of future Parliaments was "extraordinary", because such developments were almost invariably based on such contracts. In the event, no specific resource was dedicated to the proposed smelter, he said.

On the question of a mandate, Brill pointed out that it was the executive's job to negotiate contracts regarding the use of resources. He said it would be "impossible" to determine the content of such agreements by referendum.

Government would scrutinise and debate the agreement, which would be tabled as soon as it came into existence, he said.

"I would contend that more information regarding the Government's negotiating brief has been made more public than has been the case with any similar power contract for aluminium smelting in any country in the world, at any time in history," Brill told Riggir.

He said he found reference to the National Development Act "bewildering". ("The Act has nothing whatever to do with the terms of such agreements".)

Brill concluded with the "oft-made point that the (electricity) charge to the smelter is higher than the net amount payable by any other South Island manufacturer which purchased a constant load direct from NZED. And the negotiated price excludes the consortium from any entitlement to export incentives."

Last week, the Kapiti group replied to Brill, pointing out that his letter implied there were no legal or constitutional limits to the contractual powers of a New Zealand Government.

If that were the case elections would be a charade, they said.

The question of a mandate was important, because the administration had the support of only 34 per cent of the electorate and was using the fast-track legislation.


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*Transport*

# Safe Air's prop breezes past market lobby

**by Bob Stott**

THE "market forces in transport lobby" suffered a credibility blow when the Government decision to renew Safe Air's contract with New Zealand Railways was passed almost unremarked.

The decision was a classic case of a transport service being propped up for social, not economic, reasons. But those who espouse free enterprise, open competition and so on in transport — Federated Farmers is a prime example — remained silent.

Safe Air has long been contracted to NZR to provide an air service across Cook Strait. The Rail Air service offered inter-island transit times, before the rail-ferries, that were better than could be achieved by the traditional rail-coaster-rail service.

Rail-Air was a bold concept for the early 1950s. A special system of pallets was designed, together with loading equipment which could roll the pallets on to and off aircraft in a few minutes.

Even by overseas standards, the combination of short haul inter-island, Cargon pallets and their handling equipment tailored to suit the Bristol Freighter aircraft amounted to a transport package which was probably unique at the time.

Safe Air, originally a subsidiary of a British firm (and now a subsidiary of Air New Zealand) flourished. Blenheim, where the airline built its base, had a new industry which soon became a significant employer.

But in the 1960s the first rail ferries arrived on Cook Strait — the Aramoana in 1962, the Aranui in 1966, then the Arahanga in 1972 and Aratika in 1976.

The four ships provided a frequent service which had more in common with a city bus operation than a shipping service.

It was competitive as far as frequency was concerned and the ferries soon showed they were not much slower than air.


*Time for change . . . importance of service no longer exists.*

The trip takes 3 hrs 20 mins. The flight takes about half an hour, but the ferry has the advantage of being roll-on roll-off so terminal times can be reduced for larger consignments.

Over the years the ferries have been profitable, but Rail-Air has slipped into the red and stayed there.

The 1968-69 loss was $26,901, and in 1969-70 the loss rose to $229,062.

During 1969-70 Rail-Air was used to relieve pressure on the rail ferries but in the following year the loss was $241,614, and again lower rated ferry traffic went by air to relieve the ferries.

More up-to-date: in 1977-78 the loss was $283,001 and the 1978-79 loss came to $151,005. The situation was worse than that — the 1979-80 loss came to $767,645, the figure being distorted by retrospective payment of guaranteed flying hours in respect of 1978 and 1979. The adjusted figures for the previous years were $633,110 for 1979-80 and $285,540 for 1978-79.

Rail-Air was profitable in its early days but in 1963-64 revenue had fallen to $8458 owing to the introduction of the first ferry in 1962.

The Railways discussion booklet *Time for Change* said: "The Rail-Air service is operated inter-island principally between Blenheim and Wellington using Bristol Freighter aircraft chartered from Safe Air Ltd. This support service which incurs a loss exceeding $200,000 per annum is operated under contract which expires at the end of 1980.

"The earlier importance of the service no longer exists as the traffic can readily be accommodated in the rail ferries. The depots at Wellington, Blenheim and Nelson will close when the contract ends."

*Time for Change* was issued in February 1979, so the recent discussion on Safe Air caught everyone on the hop.

Last month, Transport Minister Colin McLauchlan announced that the Government had agreed to renew the Safe Air contract between NZR and Safe Air Ltd, (there is also a Post Office subcontract with NZR for carriage of mail).

The contract has been renewed for three years — the old contract ran for five.

Renewal of the contract was welcomed in Blenheim, where some 50 jobs were at stake.

The renewal means:

- Railways has been instructed to continue to subsidise a subsidiary of Air New Zealand which is no longer viable in strict commercial terms;
- Railways has been instructed to continue providing an inter-island mail service for the Post Office at less than cost.

It will seem ironical to railwaymen that they must support an Air New Zealand operation, and that the Post Office, with its $70 million profit, has to be supported from NZR funds in the form of less than cost inter-island transport.

The Chatham Islands service, also provided by Safe Air, has been uneconomic for a long time, but the airline does not pick up the tab. The service has been provided on contract to Internal Affairs, so the airline makes money on the contract, the shortfall is made up from general State funds.

If the Rail-Air service is vital — or even desirable — to the nation, then why not fund it in the same way as the Chathams service and not ask NZR to shoulder the burden, to the benefit of Air New Zealand, the Post Office and the people of Blenheim? If this is not done, then why don't the people who are perpetually moaning about the NZR loss point out that this sort of thing is no help?


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"We can, however, determine the way we spend it. Like other resources, time is either managed effectively or it is mismanaged . . ."
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*Insurance*

# Continuing inflation requires life industry response

**by John Sloan**

PREDICTIONS of continuing change within the life insurance industry, particularly in the type of policy and its marketing, have come from two senior life insurance officials in assessment of the new decade.

Both agree that inflation has eroded the value and attraction of traditional life insurance policies and recognise the need for insurers to respond rapidly to changing consumer demands.

To a certain degree, Life Offices Association chairman Ian Curry, said this process has already become evident.

Steady premium growth for the year to March 31 1980 — a rise in policies from 2.7 million to 2.8 million and total premium income of $413.6 million — was maintained despite high inflation and increased competition for the insurance dollar.

"Behind the figure is a story of strong competitive activity by the (insurance) companies, the introduction of new and more flexible policies and a certain degree of consolidation and diversification among the larger companies," Curry said.

Curry sees the coming year as "vital for the industry, particularly in its role as long-term financier for the major energy-based projects planned.

"It is becoming more and more apparent that the life insurance industry will be the only large sector attracting long-term savings. Competition for short-term money has been intensifying but, apart from the private superannuation funds, no major group outside the Government itself provides opportunities for contractural saving."

The life insurance industry, Curry said, can provide the long-term financing necessary but "there must be greater encouragement to long-term savers".

To this end, Curry predicts renewed lobbying of Government by his association to have personal tax exemption levels increased to divert more long-term savings into the industry.

He also foresees an upsurge in interest from employers in superannuation schemes for staff.

There will be keen competition among insurance companies for a slice of this potentially lucrative cake. And, while the life companies believe growing numbers of New Zealanders want to join superannuation schemes, there will be an increasing call for more "tailor-made" schemes and suit individual businesses and their employees.

New marketing strategies, already evidenced in the past year by some companies selling through the media rather than a sales force, are also predicted by David Houpt, Wellington manager of an insurance company.

In particular, he sees a need for more flexibility in insurance packages to meet the demands of a changing insurance market place. This can be done by using flexible term contracts that will:

- Fix the years of protection;
- Include extensions to the cover if need be;
- Include automatic inflation indexing;
- Offer an opportunity to exchange to other insurance packages that may be introduced at future dates;
- Also include total and permanent disability benefits.

Like Curry, Houpt predicts a growing interest from the insurance consumer in "personalised savings schemes" that may be locked into personalised superannuation schemes.

Insurance companies that have not moved into this area will need to examine their savings schemes "with a certain amount of urgency" if they are to remain active in the field, Houpt said.

He said the coming year will see an increase in term insurance sold but adds that new term policies will be "far more sophisticated" than in the past — again to cater for a more demanding market.

Among other predictions:

- The implementation of joint-term policies;
- Whole-of-life policies with shorter premium paying terms;
- The introduction of conversion-credit policies (offering premium reductions if converted from a term insurance contract to a permanent policy such as whole-of-life or endowment in the early years of the policy).

Governing factors likely to influence these trends include the maintenance of the current level of taxation paid by life companies and at least the maintenance of the personal income tax exemption.

"While conventional contracts will also continue to find a place in the market, there is no doubt that the insurance industry is continuing to undergo many changes. These will continue into the foreseeable future," Houpt said.

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*Energy*

# Conversions hurdle Catch-22 in race to CNG

**by Allan Perker**

RECENT Government moves to encourage more conversions by motorists to the use of Compressed Natural Gas (CNG) have been welcomed by the industry as a way over the existing Catch-22 situation which has slowed conversions to a crawl.

Before the raft of incentives was announced, the Government's ambitious programme to have 150,000 cars converted to the cheap, indigenous fuel by the end of 1985 had run into a series of problems.

The most serious was a lack of enthusiasm among refilling stations to invest between $100,000-$150,000 that it can cost to build and equip.

That lukewarm approach was partly based on an uncertain economic climate but also reflected the low number of potential customers.

By the end of this year, only some 5000 cars will have been converted to CNG — just over one third of the Government-scheduled 13,000.

Would-be station owners argued that, with that sort of investment, they needed more custom.

But, fleet owners and private motorists argued that a $1000 outlay for a one-cylinder conversion ($1400 for two) would not be justified until more filling stations were available.

Result: the Catch-22 of the natural gas industry.

The Government measures are designed to encourage more interest in CNG conversion and thus spur investment in filling stations.

There are currently about 60 public and private filling stations open or committed to open. But a Ministry of Energy source estimates some 200 stations will be required to service the 150,000 vehicles the Government wants converted over the next five years. The investment required could be as high as $30 million.

Another problem area has been uncertainty about Government commitment to the scheme. Politicians have spoken widely about the benefits of switching to CNG — running costs about half that of petrol — and the Government did institute the big conversion programme. But notably lacking was a financial commitment to hurry the scheme along.

The recent incentives and announcements by Energy Minister Bill Birch are, as one departmental official said, visible evidence that "we are putting our money where our mouth is".

That includes an extension of the 25 per cent gas development grant for filling stations to cover other related expenditure such as security fencing, vehicle filling assembly, CNG meter and gas connection and mechanical and electrical services.

According to one equipment supplier this extension will be worth about an extra $10,000 to filling station developers. And the balance of the costs to build a station will qualify for 100 per cent tax write-off.

In a further show of faith the Government has announced that it will convert its car fleet — or appropriate sections — to CNG.

The hope is that a flood of departmental cars onto the roads will provide another spur to filling station investment. Government departments are already being told to use public filling stations wherever possible.

The incentives already appear to be having the desired effect. *NBR* was told of one company that runs a chain of motor vehicle-related (but non-petrol) stations around the country which has shown interest in establishing CNG compressors at its depots.

The incentives also appear to have won support from companies and individuals who have not seriously considered CNG conversion before, for a variety of reasons.

Cost, obviously, has been of prime importance. The $200 Government grant, it is hoped, will be enough to hurdle the existing cost barrier.

Of almost equal importance for fleet operators will be the dumping of the road user charge system that has meant reams of paperwork.

Previously, CNG users have had to pay tax in advance for blocks of CNG kilometres, unlike petrol which has road tax built in to its cost.

That alone has fuelled the paper war. But, even worse, because converted cars can also run on petrol the company has had to calculate the kilometres run on petrol, work out the refund, and then apply for it.

The new scheme will allow vehicles with an unladen weight of 3.5 tonnes — cars and light delivery vans — to "pay-as-they-go" at filling stations.

Potential CNG customers should beware, however, that the tax change requires legislation which Birch estimates will not come into force until the second half of 1981.

The proposals have been greeted warmly by the industry, which sees them as a positive sign of Government support.

As one supplier commented: "From our point of view, we couldn't see a better way of doing it."

Fingers are now crossed that individual motorists and fleet-operating companies will come to the party.

Initial public response has been enthusiastic, according to the equipment suppliers. The timing of the announcement was certainly guaranteed to generate public interest, coming in the middle of an industrial dispute that was disrupting petrol and oil supplies throughout the country.

The increasing cost of petrol and uncertainties about supplies in the wake of that dispute and the Iran-Iraq war will undoubtedly sway many vehicle owners.

WHAT IS the likely payback period if you decide to convert your car to CNG?

An independent engineer has calculated that, for an individual motorist, the payback period for a CNG conversion will be about three years based on current cost comparisons between petrol and CNG prices. The calculation is based on a four-cylinder car averaging 12,000 kilometres a year.

The engineer adds that the calculations do not reflect likely maintenance savings. Nor do they allow for any lost return on the capital outlay.

It is more difficult to calculate payback periods and likely benefits for company car fleets. Different vehicles within the fleet may travel different distances daily, negotiations for bulk discount fuel prices may differ from company to company, distances between company premises and filling stations will differ and so on.

The engineer suggests companies shop around "quite carefully" and make sure of their calculations before making a commitment to CNG.


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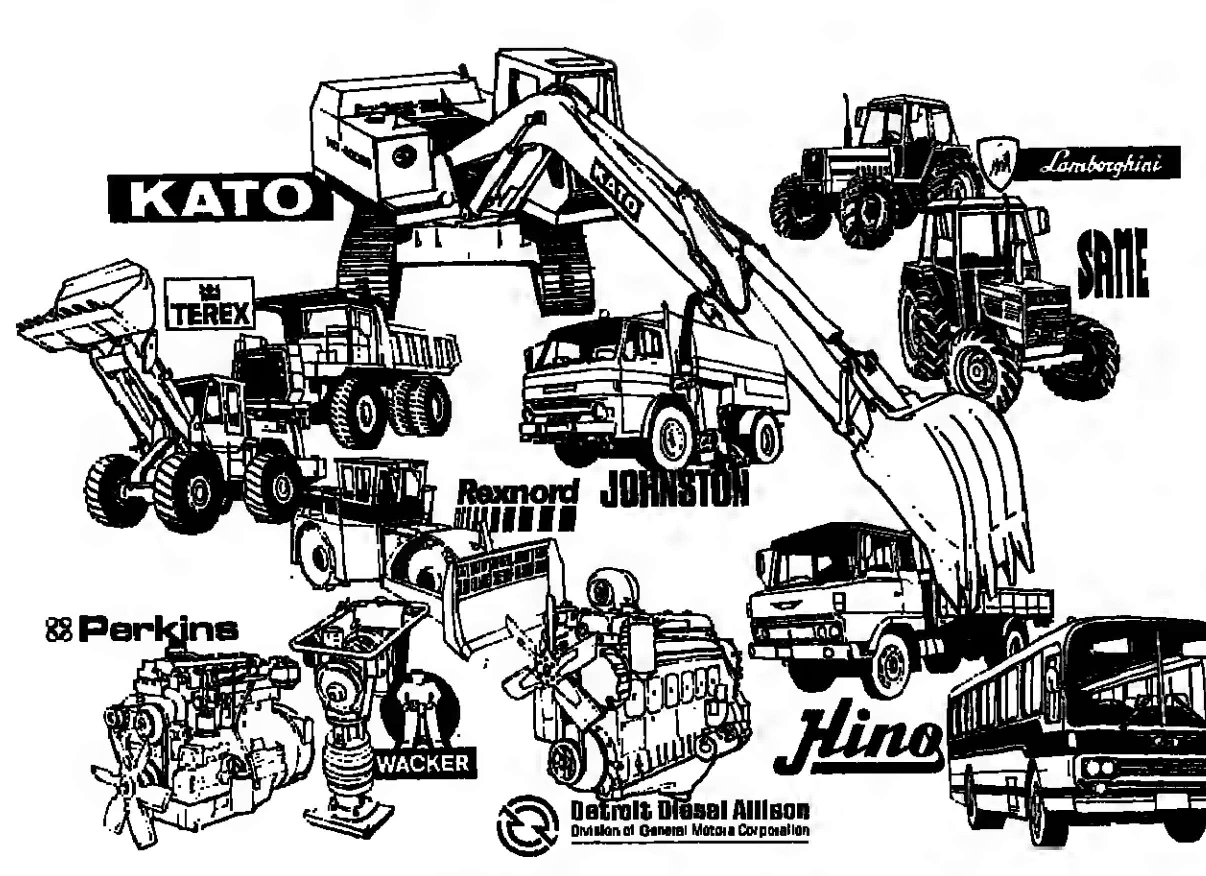


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*The money market*

# Seat-of-the-pants-flying gives way to experts

**by Rae Mezengerb**

THE days of the pure seats-of-pants-flying when investment in a company was determined by its public image or whether the investor liked the chairman have gone, says *Goldberg Trends*.

Today the expert — often backed by massive research — measures company performance by less hit-and-miss yardsticks such as earning rates, dividend growth, cash flow and so on.

Not all aspects of the trend are desirable. The concentration of large investment powers in few hands, and a growing dominance of the institutional or corporate investor in both the sharemarket and the fixed interest sector are natural follow-ons.

And fierce competition between investment managers could make them less cautious.

But overall, the trend is to be welcomed, *Goldbergs Trends* concludes.

A trustee of a large superannuation fund explained that even 10 years ago, "the emphasis . . . was so heavily on that mythical capital growth that we might invest a fairly large amount in a particular company without even knowing the dividend yield . . . 'oh, excellent company', one of us would say and that was enough for us to buy 10,000 shares. 'Don't like the chairman . . .' was equally sufficient for putting us off.

"In retrospect, I wonder how many of our decisions would have stood the test of even the more simple research exercises we do today," he said.

The change to the use of proper analysis and research, partly based on the past and partly on projections of facts and economic forecasts, began gradually, but has accelerated in the last few years, Goldbergs note.

But while insurance companies, banks, and some large privately-run pension funds can afford the staff and facilities for a proper investment management department, there are many large investment groups whose funds are poorly managed and "miss the boat" in respect of money market operations such as short-term investment.

Some funds rely almost entirely on recommendations by sharebrokers in respect of fixed interest securities and shares.

Others just buy what "looks good" and some invest everything in Government stock and a few selected fixed interest securities — and then wonder why their performance is falling far short of the inflation rate.

But a growing number of large investors — companies, trusts and so on — are seeking assistance from experts, Goldbergs say.

Some are using consultants on a part-time basis, with the management or trustees still making the ultimate decisions. Others — perhaps the majority — have all or part of their portfolio managed by a professional management company or individual manager.

Insurance companies, merchant banks, NZ United Corporation and Broadbank have an investment management role.

Insurance brokers Bowring Burgess and banks such as the ANZ and BNSW have management subsidiaries, all fiercely competitive and, according to Goldbergs, with charges rather lower than would be expected.

Fees vary from company to company, based on amount invested, market value or income, or a combination.

For example, one management service charges a basic fee of $500 plus a sliding scale from 0.5 per cent in the first $500,000 to 0.1 per cent of amounts in excess of $10 million. This works out at a $2000 fee for $500,000 (0.6 per cent), $12,500 for $5 million (0.25 per cent), $18,750 for $10 million (0.1875 per cent), all annually.

Another's fees are calculated on annual premium income of the fund. A premium income of $300,000 a year would attract a fee of $2,175 (0.73 per cent), income of $500,000 would attract $2,575 (0.52 per cent) and $1 million $3575 (0.3575 per cent), with a minimum of $1065.

Figures show that the performance of a portfolio needs to be improved by the management company only slightly for it to earn more than its fees.

Goldbergs point out that realisation of this is slowly spreading: it pays to spend money on expertise.

# Cards' credibility enhanced by photographs

**by Lindsey Dewson**

TRUSTEEBANK's new Visa credit card featuring the owner's photograph is gaining rapid acceptance, says the secretary of the Trustee Bank of New Zealand Association, Fred Burns.

Trustee banks throughout the country received 10,000 applications for cards in the first three weeks of operation. Burns says the banks are very happy with the response.

The new cards are a follow-on from the banks' Trustcard scheme, a cheque guarantee card which was launched about five years ago and for which the banks already had Polaroid photographic equipment.

New Zealand is the first country in the world to have a national credit card scheme with photographs. Some states in the United States do have such cards.

The trustee banks have entered the race late in New Zealand with Visa, trailing the BNZ and National cards. But they are putting heavy emphasis in their advertising on the fact that the photograph guarantees the owner's identity — "it's the card that stands out from the crowd".

Past suggestions that photographs would be a good idea for drivers' licenses or credit cards have often drawn fire from people who fear that such moves are a step towards a "big brother" society, but the trustee banks say that people are keen to have the cards because they provide security.

If this country follows overseas trends, the Trusteebank portrait card will signal the beginning of much greater public acceptance of photograph ID cards.

They are already in common use here, at such places as airports where good security is necessary. Most public transport authorities in Britain now offer commuters and tourists photo cards as part of season tickets for some forms of public transport.

Many condominium developments in the United States and Europe attract tenants by providing social facilities such as swimming pools, tennis courts, dance and dining areas and use photo cards to ensure that such areas are reserved for tenants only.

Twenty-one American states and more than 20 countries use photograph cards for driving licenses, and such cards are often demanded by clubs, liquor stores and restaurants to ensure that customers are not under-age.

A few years ago, Interbank, the organisation that operates Master Charge, evaluated the security of photo identification, and found although 3 million portrait cards had been issued, there had been only four fraud attempts — none of them successful.

More recently, a bank in the United States studied the impact of portrait cards. They found that placing a photo on their cards cut fraud losses by almost 96 per cent. Another study found that frauds cashing welfare cheques in New York city was reduced by 90 per cent following implementation of a photo identification system. The savings have amounted to millions of dollars.

But, photos or not, trustee banks have a fair way to go to catch up with their fellow Visa operators in New Zealand, with National cards up to 90,000 members and BNZ at about 130,000.


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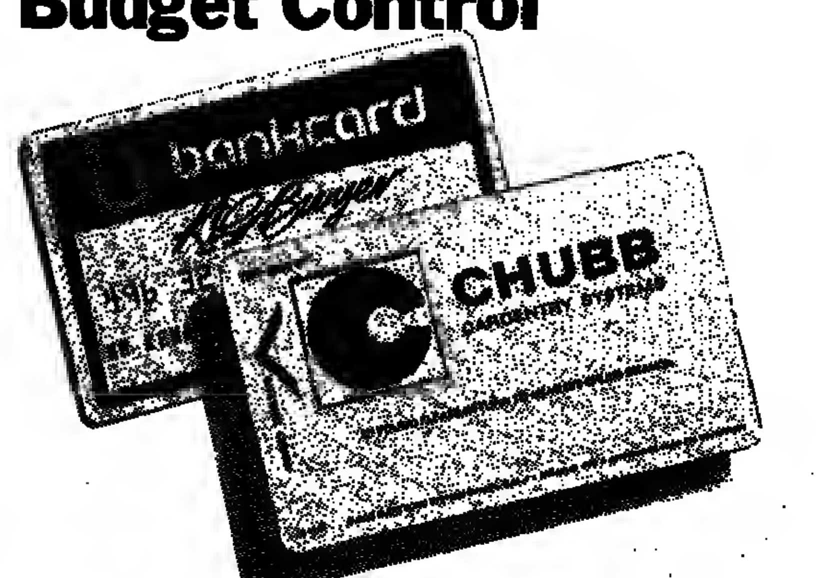


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## Computers

# Techs getting the job

by Stephen Bell

DIRECTOR-General of Education, Bill Renwick sees technical colleges becoming "a focus" for training teachers to handle the computer courses becoming increasingly necessary in our schools.

The colleges, he said, form a very good existing network of knowledge in the computer and microprocessor field. He envisages the colleges co-operating with teachers' training colleges to supply the training requirements.

Final organisation of training will have to wait for a "policy commitment" by the department on the computer education front — a commitment that is not likely to emerge until next year.

Parallel with investigating teacher training, the department is formulating basic courses in computing and "computer appreciation" for schools, and is looking into the question of suitable computing equipment (*NBR* October 27).

This is seen in some quarters as taking the department dangerously close to involvement with commercial computing ventures, but Renwick says that the situation with computers is no different from that with books. The department advises booksellers on its needs and clearly influences their decisions on stockholdings, but could hardly be accused of involving itself in the bookselling business.

The department would have to continue to draw a clear line between its "professional" involvement with computing and the commercial and technical involvement of outside bodies such as manufacturers and the Development Finance Corporation, he said, and this would obviously require some care.

Renwick, addressing the Institute of Public Administration on "Youth, Employment and the Role of Schools", identified the spread of "computer and micro-chip technology" as one of the changing factors of the employment situation that required attention by educationalists.

A basic and perhaps neglected requirement, he said, was the introduction of "keyboard skills". While enough, perhaps too many, girls looked to a career centred round a typewriter, boys did not often have the opportunity of being trained in fluent operation of the keyboards which increasingly constitute the user interface to the computer.

"Demystification" of the computer also ranked as a high priority, and this was reflected in the department's plans for a fourth-form "computer awareness" course.

"A major objective", said Renwick, "must be to allay any fear or apprehension associated with the computer and associated technology; to remove prejudice formed through ignorance, to instil some confidence in using the machine and to counter the popular image of the computer as a superhuman intelligence. At the same time, it is important to convey a realistic impression of the true capabilities of the machine."

A longer, more specialised course, probably in the sixth-form, would be aimed at increasing awareness of "the range of current vocational opportunities in the computer industry". This course would involve considerable "hands on" computer use.

As a third facet, the use of computers as "teaching tools" in other subjects was being investigated.

Overseas, such computer education as has developed spontaneously has had a mathematical bias, but Renwick did not see this as being the case here. Maths teachers, he said "do not see themselves as computer experts".

While some of the "routine stuff" of teaching could be turned over to "teaching machines" of the Control Data Plato type, these suffered from a lack of human interaction characteristic of other "inert" teaching materials like correspondence courses. It was essential to back them up with adequate tutor-student and student-student communications.

Asked whether he felt the Education Department was a little late in getting into computer schooling, he contended that the fast progress of the technology made it difficult to decide when to jump into an educational effort. There was always the danger of starting off in one direction to find the technology taking a different route.

# Market unsure of big new IBM

AN uncertain atmosphere has greeted the long anticipated start to IBM's H Series — uncertainty as to how relevant the machine is to the market here.

With twice the power of IBM's previous largest processor, the 3033, and a price-tag of $4.5m, before tax, the newly-announced 3081 becomes IBM's new top-of-the-line computer.

A number of innovations in the hardware "architecture" continue the price-performance improvement, now a commonplace in the industry.

The impact is by no means as great as the release of the 4300 two years ago. Then the claimed improvement was four to one; now it is merely twofold, and even to achieve that, IBM has had to put two processors working in parallel in the one box.

IBM and some customers see the price as the governing factor. A user able to afford the machine will probably find the work to put on it.

"Increased performance at the same price", said one user "lets you do things (on the computer) that previously weren't economically viable".

Others look at the two 3033s, so far installed in New Zealand, and cannot help but be sceptical about the local relevence of the new big box.

But the biggest disappointment generally, about the new machine has been the delivery time. Any one who wants a 3081 can not expect to get one until around mid-1982.

More immediate interest would seem to lie with the new "entry level" 3033 model, the 3033 Group S, which IBM announced at the same time, and the price reductions and power increases on existing 3033 models.

This could well increase the population of 3033s in the country.

First local beneficiary of the announcements will be Databank, whose 3033N receives a free upgrade, boosting its performance.

The latest moves seem, on the surface, to have injected new life into the 3033s, which many observers expected to be short-lived machines quickly superseded by the new range.

Some American commentators are still sceptical, pointing to the traditional industry weather-vane, the purchase-to-lease rotio.

The 3033s has a purchase price of about 18 times its monthly lease rate, a low ratio, designed to encourage purchase, and thus indicating a relatively short-lived product. The obvious pointer is to either a lower model in the new series or a more powerful 4300, in fairly short order.

In the meantime, IBM's current range of medium-large processors is divided firmly into three: the 4300s; what is becoming a 3033 "series" (the 3031 and 3032 are as good as dead); and the new 3081 at the top.

Interestingly, between 3033 models and between 4300 models, IBM is increasingly introducing "field upgradability." A low model in the series can be converted to a more powerful model by adding or substituting parts.

This is a particularly attractive option in this country, with the prices of all hardware inflated by high sales tax rates.


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8 December 1980

WORD PROCESSING BRIEFING

The Best Word Processing Machine: As 1980 draws to a close and you start to gather ideas about how you might address your Word Processing requirements in 1981, I felt that it might be worthwhile to give you some assistance by telling you how to identify the best Word Processing machine.

I won't be discussing machine models and will hardly mention the technology because to do so might get in the way of a much more important consideration. The "message" of this Briefing is that the BEST Word Processing machine is the one that is BEST for you.

All businesses differ. Even departments within businesses have different requirements. Word Processing itself is made up of a lot of different activities. It isn't feasible or economical to have any one piece of equipment address all kinds of businesses and all departmental requirements. That's why IBM produces many different but compatible units. For example consider these differences and compare them to what goes on in your office:

Print Intensive v Keyboard Intensive: The end-product of Word Processing is words - usually, but not always, words on paper. A Will, or a Sales Proposal or a set of Engineering Specifications may require comparatively little direct keyboard activity by the operator in order that several thousand words be printed. For these "print intensive" activities you will need a machine which is designed to handle a lot of printing. A "golfball" machine would sometimes be too slow, a "daisy-wheel" printer would be better but unless it could reliably and automatically feed cut sheets of paper and envelopes, print speed alone wouldn't be the full answer. The ideal printer for the "Print intensive" environment is an inkjet printer with automatic paper and envelope handling, with automatic typestyle changes and very quiet printing. Its built for speed.

On the other hand, considerations for a "keyboard intensive" application are very different. Here you would turn your attention to the ease with which the operator can get the words into memory and out to paper. Functions that are important here are automatic centering, automatic decimal alignment and the ability to type the instructions for typestyle changes and layout changes within the text so that, no matter how many revision cycles the document undergoes, the format changes are not re-entered by the operator - the machine "remembers" and honours them. "Trail Printing" is another essential. This is the ability of the machine to print out each page as you finish typing or revising it - rather than waiting till the end and having to wait for the machine to print the entire job. Even slow-speed printers shine at this because they still print very much faster than the operator can type. Trail Printing enables you to use a slow speed, inexpensive, printer and get productivity advantages of a fast printer. Its the "throughput" that counts.

Compatibility: Within your business you may have two or more departments needing Word Processing each with different requirements. For example, Sales may be PRINT intensive - lots of proposals assembled from standard paragraphs and needing the highest possible quality. Engineering may go through seemingly endless cycles of revision on specifications for new products or submissions to a certifying authority. The secretaries in Management may type unique letters at short notice and also confidential Board Reports which are repeatedly revised. Both Engineering and Management are KEYBOARD intensive with only occasional print requirements. But you would want the machines there to be compatible with the machine in Sales for those occasions when you need to overflow work between departments.

The advice that I have been giving you throughout this year all tends towards this conclusion: The best Word Processing machine is the one that does what you want for as long as you want and then permits you to add-on or modify your system with no financial or work-flow penalties.

The best Word Processing machine is the one that's best for you. Isn't it nice to have a range to chose from?

Merry Christmas - I'll be in touch again next year.

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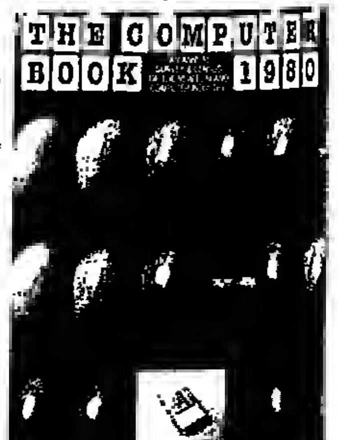


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## Real estate

# Ex-publisher moves into property development

by Gordon McLauchlan

JOHN David Robinson — former director of Robinson and Rezler Associates Ltd, a company that published *City Girl* magazine — has been operating in real estate, property development and house removals.

*City Girl*, under its previous ownership, was mentioned in the *Auckland Star's* series of articles on the "Mr Asia" drug ring. Harry Lewis, a fellow director with Robinson, was allegedly murdered by a drug syndicate.

Robinson was negotiating a deal with AHI to build ski lodges in association with the Turoa Skifield near Ohakune.

AHI claims it withdrew from a deal before it was completed, but Robinson notified them that his solicitors were investigating whether to use the company. That was several weeks ago. AHI says it has heard no more.

Robinson was trading under Arc-Horn Holdings for his proposed development at Turoa.

More recently, he has been involved in real estate deals under the trading name of Villa Specialities.

He has applied to the court for a lien to be placed on the property of one of his clients.

Robinson arranged to buy a house for removal in Remuera Road from Chase Holdings Ltd, which wanted to develop the site. He paid a deposit of $2000 (it is understood the full purchase price was $4000).

Robinson then sold the house to a Mr and Mrs D Paul for resiting on a 17-acre property at Taupaki. The total deal was $18,500 – $11,100 as deposit (which was paid), with another $3700 when the house was on the trailer and $3700 more when it was on the blocks at Taupaki.

The Pauls claim that they found immediately after the last tenants had left the house that the doors, carpets and light fittings had been removed. They later recovered one of the doors from a man to whom it had been sold.

The Pauls say the agreement was for the house to be resited during July but by the end of that month nothing had been done.

Chase Holdings prepared to sell the house again and the Pauls notified the police that they thought they were the victims of a confidence trick.

As police inquiries began, Robinson paid the balance owing on the house because the time to remove it had expired.

The Pauls then decided they would arrange to remove the house themselves.

Paul, a builder, cut the house in half and had it resited at Taupaki.

Robinson is now seeking a lien on the Taupaki property for $7440, the amount he would have received if he had resited the house.

Recently, Robinson has:

- Clinched a deal for a house in Herne Bay, but the cheque for the deposit was not honoured;
- Moved into a deal to buy a house in Cockburn Street, Grey Lynn (but others involved say "there have been difficulties" and "the sale is not likely to go through now").

He is known to have entered other property negotiations.

Both he and Robinson and Rezler Associates have been under investigation by the Inland Revenue Department.

Robinson and Rezler Associates went into liquidation last year.

Robinson was also a director of Robinson Rezler Associates Australia Ltd but resigned his directorship in October 1979. Other directors of the companies were Loise Eve Rezler, George Papaconstantinou and Harry Lewis.

*NBR* has made several attempts to contact Robinson and his wife Julia, a partner in Arc-Horn Holdings, through his former telephone number and the several lawyers he has used to represent him in business dealings. We have been unable to find his whereabouts.


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TOO many software designers ignore the most important element in a computer system — the user. Small wonder that so many installations are plagued by frustrations, frayed tempers and plummeting productivity.

If your computer system is not a perfect match between man and machine you can't expect good results from either party. So PROGENI systems are designed with you, the user constantly in mind. It's not just that our systems, are well-designed and do exactly what they should. They're also easy to use, timely and responsive to you and the needs of your organisation when it matters most. You get your information when you want it, how you want it. Now, and in the years to come, because an effective system must be a flexible one, designed not just for the moment but for your future needs too.

And with all PROGENI systems, you get thorough staff training, easy-to-follow user manuals and full customer support from the PROGENI team of experienced computer professionals. Not just computer experts, but experienced managers who fully understand your problems.

PROGENI. We don't sell computers, but we would like to ensure that the computer you choose works for you.

PROGENI

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## Motoring

# Todds top sales list

NEW car registrations in October have given Todd Motors its best result of the year. Todd franchise sales captured more than 21 per cent of the new car market, making it the clear market leader.

Ford Motor Company was displaced from number one slot in a turn-around that changed most market positions.

New Zealand Motor Corporation, riding on the Honda Civic wave, improved in recent months to second place with 16.5 per cent of the sales.

Vying for third place are Toyota and Ford, with their sales both securing about 16 per cent of sales.

Todds recorded more than 900 sales of its Mirage/Lancer, followed by 570 Honda Civics.

Other small cars, combined with these top-sellers, took 37 per cent of all new sales.

In the next category, 1300 to 1600cc Honda Accord models are number one.

This segment of the market now represents 26 per cent of new sales, well up on the share it had in the corresponding period last year. It has become more popular at the expense of both the smaller and larger size cars.

The share for 1600s could grow even further, if the six month waiting list for a three-door Accord is any indication.

The larger fours are still dominated by Cortina, although the Commodore 4 is selling in good numbers, enough to give GM 12.5 per cent.

Large cars, with six and eight cylinder motors, are now accounting for only 7 per cent of the new market, half the level of a year ago.

Japanese-sourced motorcars represented three out of every five new cars registered in October.

The new-car market continues to be buoyant, with 7261 new cars registered last month. At that level there could well be over 75,000 new cars sold this year.


**Only the strong survive... and few arrive in style**

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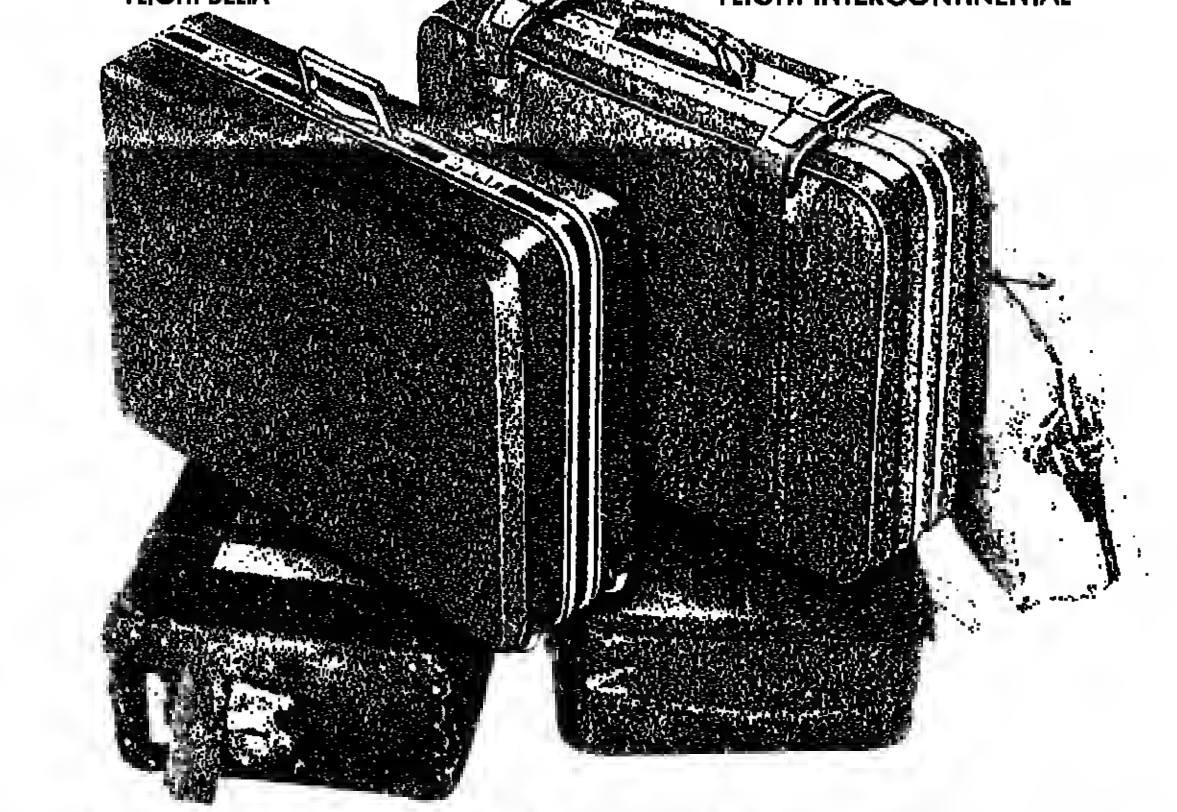

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